COUNCIL OF THE CITY OF WINNIPEG
Wednesday, July 9, 2014

The Council met at 11:07 a.m.

The City Clerk advised the Speaker that a quorum was present.

The Speaker called the meeting to order.

The opening prayer was read by Councillor Wyatt.

ROLL CALL

Clerk: Madam Speaker Councillor Sharma, His Worship Mayor Katz, Councillors Browaty, Eadie, Fielding, Gerbasi, Havixbeck, Mayes, Nordman, Orlikow, Pagtakhan, Smith, Steen, Swandel, Vandal, and Wyatt.

INTRODUCTION AND WELCOME OF GUESTS AND ANNOUNCEMENTS

Madam Speaker: Mr. Clerk: can you please read the meeting notice?

Clerk: Pursuant to section 79(1) of the City of Winnipeg Charter, I am directed by His Worship, Mayor Katz to arrange a special meeting of Council on Wednesday, July 9, 2014, at 11:00 a.m. to consider the following: Item number 1, Real Estate Management Review; Item number 2, Final Report from Ernst and Young on the Results of Interviews with City Council Regarding Fire/Paramedics Stations Construction Project Review.

Madam Speaker: Thank you, I'd like to take a moment to introduce Katrina Chanas who's here with us today. She will serve as the Page for today. She attends Miles Macdonell Collegiate and she resides in the North Kildonan Ward. Welcome. We'll now move on to delegations. First up is Mark Single. Yes?

DELEGATIONS

Councillor Fielding: Suspend the rules to hear one more delegation?

Madam Speaker: All those in favour of suspending the rules to hear?

Councillor Fielding: I'd like that Mr. Colin Craig…I think that he's in support of the recommendations…I guess be given five minutes, would that be…

Councillor Gerbasi: Five minutes, no questions.

Madam Speaker: Yes, five minutes, no questions. Thank you, so noted. First up is Mark Single, and Monica Mankiewicz and Inga Sheane on behalf of Ernst and Young in support of two items. Number 1 is the Real Estate Management Audit and item number 2, the final report regarding the Fire Paramedic Stations. Following that we will hear from Mr. Colin Craig in support of item one, the Real Estate Management Audit. Thank you, Mark. Would the others like to come forward as well?

Mark Single: They'll be called forward as required.

Madam Speaker: You'll make the presentation? Sure. You have 10 minutes, sir, thank you.

Mark Single: Thank you Madam Speaker. His Worship Mayor Katz, Councillors. Good morning I am Mark Single, I'm a Chartered Accountant and lead the Winnipeg EY Assurance Practice. I have been with EY locally in Winnipeg for over 22 years. Thank you for the opportunity to present the results of our Real Estate Management audit which reviewed the processes and policies used for all major real estate transactions for the period from 2007 forward. I have my colleagues here with me for the presentation: Monica Mankiewicz and Inga Sheane, who are both involved in the detailed procedures performed as part of the report. The City auditors are also joining us as they conducted certain procedures and will be able to respond to questions related to those transactions.

Our team included 10 other professionals with relevant key credentials, accredited appraisers, real estate transaction subject matter professionals, public sector real estate transaction professionals, and a certified fraud examiner. In terms of our scope and methodology for the report, EY was engaged by the City auditors, based on a resolution passed by the City Council to conduct an objective real estate management audit and review of the City's real estate processes and policies. The work performed focused on significant property acquisitions, expropriations, sales, transfers and external leasing transactions. The objectives of the work performed on those transactions consistent with those set out in the RFP, included assessing that policies, administrative standards and procedures were complied with and were adequate. Evaluating processes and procedures undertaken to verify value for money was achieved. Commenting on the reasonability of commissions or management fees and assessing whether roles and responsibilities were appropriately and performed satisfactorily. For clarity, it was an audit of the City of Winnipeg real estate processes, procedures and policies, carried out in accordance with an appropriate auditing framework. Our report and the work supporting it fully meets the requirements of the Council motion. Details of our audit testing and findings are included in the report. The City auditors also concluded the Council motion was met.

The methodology around our testing procedures was developed through the following key steps: conducting walk-throughs of the real estate processes, procedures and policies of each transaction type; reviewing real estate transaction files; reviewing city policy and available documentation on procedures; conducting interviews with City employees on the processes and policies; and incorporating industry practices in a public sector environment. The transaction samples included 14 sales, 3 acquisitions, 4 expropriations, 8 leases, and 4 land transfers, 29 performed by EY and four by city auditors. An expanded detailed review was undertaken on certain transactions based on the results of the initial work performed for those significant transactions. The transactions identified for the expanded detailed review were due to the size of the transactions, potential areas of non-compliance with City policies, processes and procedures, potentially contradictory information, limited documentation in the transaction files reviewed, information obtained during interviews. EY developed substantive testing procedures against which each transaction within the scope of the engagement was assessed. These are detailed in the appendices to our report A through F.

In terms of interviews as noted, they were conducted with City employees on the processes and policies that were relevant to the appropriate items under scope. In addition, City Councillors were interviewed to gain their input. External review participants were identified jointly by EY and the City, including the City Auditor as well as the current PPD Director. The intent of the external interviews was to gain an understanding of the industry's perspective in order to assist with identifying best practices as part of the planning stage of the audit and development of recommendations. In order to reduce the risk of bias, industry groups and associations were asked if they wished to provide perspectives. The various associations determined who should be present at the interview, not EY. No interviews were performed with any former employees of the City of Winnipeg; no interviews were performed with any proponents to specific transactions about those transactions. There were a total of 25 different counter parties in the 33 transactions tested. None were interviewed. The scope as stated in the Council motion was to review City processes and policies. It was not to review proponents. We performed the testing necessary to conclude on our findings with the approach undertaken. This was done working with the existing PPD group; on obtaining the relevant evidence and audit support for our transaction testing, we relied on facts, file documentation and responses from PPD staff and this is included in the details of our report. Our report assesses compliance with appropriate real estate procedures, policies and processes, including appropriate documentation. Such documentation would be within the City's possession and as such, one would not look to third party or former employees for this evidence. All evidence would and should be securely kept on file at the City and would be available in the City files. In our view if appropriate process and procedures are in place, the files and documentations of the transactions on file would stand on their own, irrespective of who the individual is in the relevant roles.

To summarize, we were able to conclude on our findings and fully meet the audit objectives with the evidence obtained and without conducting further interviews. We stand by our methodology and approach as well as the findings and recommendations in our report. Relative to input of management, based on the procedures performed, our findings and observations were noted in the detailed appendices by transaction and summarized in the body of the report by transaction type. Management responses to EY’s audit findings have been incorporated throughout the report. Numerous consultations were held with PPD members and City administration when preliminary findings were identified through to the finalization of our report. This process provided the opportunity for any relevant information that wasn't included in the report to be highlighted by management. Key findings in conclusion of our report: overall evidence supporting compliance with City of Winnipeg policies, procedures, and industry practices, was lacking in many instances. For certain transactions there were no or significantly restricted appraisals. Key information on certain transactions was not disclosed to decision makers. There was a lack of competitive procurement processes for certain transactions undertaken. Application of commission rates on certain transactions was inconsistent with various agreements. Value for money was impacted for a variety of reasons. Restricted appraisals may not have provided appropriate valuations. Key information on certain transactions which included values was not disclosed to decision makers. There was a lack of competitive procurement processes for certain transactions undertaken. Unknown because

of this whether value-for-money was achieved, as this would have provided as this would have provided potential other options if the competitive process was undertaken and based on the commission rates charged, relative to our point on policies in accordance with agreements, an impact on value-for-money. For most transactions, key individuals involved in completing the transaction appeared appropriate. However, there was no government's framework outlining the roles and responsibilities of individuals within the Real Estate Division as well as others involved such as Legal Services and Materials Management. Specific instances on roles and responsibilities that were identified were noted under one of the RFQs where the contract administrator for that RFQ was not included in decision-making to award certain contracts under that RFQ. Decisions were made on including an advisor in the sale of the parkade without involvement from other key PPD managers and internal resources were not consulted at key points in certain transactions, such as on the legal agreements for the 266 Graham services provided. For most, transaction support was noted in the files for attributes tested around required approvals from Council, committees of Council or proper delegation of authority where it was obtained. Transaction agreements were reviewed by Legal Services prior to being finalized. Notification that land was being identified as surplus and transaction procedures being conducted on finalization. Section 4 outlines the recommendations of our report. There are 17 presented and management largely agrees with those recommendations.

Madam Speaker: Council Nordman moves extension, all those in favour? Contrary? Carried.

Mark Single: Thank you. The recommendations focus on a common theme around our findings which is an enhanced governance and real estate transaction management framework and we have outlined that in our report. And that includes particularly reporting directives and guidelines for all relevant transactions. We touch a lot on appraisal guidelines and when those should be employed in certain transactions, specifically considering magnitude, documentation standards and tracking mechanisms and most importantly monitoring to understand that the processes are functioning. Also, establishing guidelines on retention of external brokers and commission rates; developing guidelines for comprehensive procurement processes, specifically with the focus given to magnitude of transactions and when those would be applicable to go to outside procurement; and performing market analyses and incorporating flexibility into lease rates, again with thresholds and magnitude for transactions. Thank you for hearing us. We'd be happy to answer questions.

Madam Speaker: Thank you, Mr. Single. We're going move on to the next delegation and call you back for questions after that. Next is Mr. Colin Craig. Also in support of item 1, Real Estate Management Audit. You have five minutes, sir.

Colin Craig: Thank you. This past Sunday I returned home from a trip to the store and a man was cutting my neighbour's grass and he stopped what he was doing and he yelled over to me: “City Hall… I think that we need to vote them all out”. I've never met this man before but his frustration is representative of the type of feedback that we're hearing from the public. The bottom line is, whether something illegal has occurred or not, the public's trust has been broken by what's gone on. As you know, City Hall has had problem after problem with transactions and incidents that have had terrible optics. Today, of course, you will discuss the second damning audit in less than a year. It confirms once again that as Brian Kelsey once said, “a culture of deal-making has taken hold of City Hall, rather than concern for due process.” In some cases the people around this table have been misled or are the victims of administrative defiance. Information has been withheld and Councillors have been kept in the dark about activities that they should have been told of, but at the same time, Council didn't ask enough questions. You have not held the administration accountable. The taxpayers have been let down by the people selected to represent their interests and ask the tough questions. For example, once the Canada Post building was bought, why didn't someone ask: “who will take care of it until it's ready for the Police to use?” Or perhaps what other choices are there instead of signing a 25-year lease for a building that we still have three years left on for the current lease? Why are we defying an audit recommendation from the year 2000? Why is there no opt out clause? Certainly, you can think of other good questions that weren't asked. I’m hoping that by now everyone has had a chance to read the audit so what I want to discuss today is how the City can move forward. First, I think that you need to ask why many good people work for the City of Winnipeg yet no one seems to have come forward to alert Council about many of the problems as they happened. Further, why did people stay silent during the fire hall debacle as well? City Hall needs to look at new whistleblower protection measures and let the administration know loud and clear that information should be flowing upwards, even if it's unflattering. Recommendation number 2: Council needs to take back control of this organization because quite clearly right now the administration is wearing the pants. It is absurd that Councillors have been told in the past that they would have to pay for information or submit a Freedom of Information request in order to gather information that you need to do your jobs. In other cases Council members have spoken openly about wanting to see reports and yet the administration seems to ignore such comments. The administration is there to serve the public and to take direction from you. Council should adopt a by-law to ensure that members of Council cannot be denied information they ask for that allows you to do your jobs. Recommendation 3 concerns the dog leg for the new rapid transit line. While Council has already decided to build the rapid transit line, likely it does not want to re-open that debate. We recommend specifically reviewing the dog leg portion of that proposal and the decision process that led to it. To begin with that review, consider Bartley Kives’ column from July 5th, 2014, in which he points out that the administration claimed to the land swap occurred before the rapid transit

route was developed. As Mr. Kives notes, page 8 of the report that went to Council clearly showed the land in question and its use for the rapid transit line. Thus, someone in the administration either misled the auditor or they were too lethargic to review basic information. That brings us to recommendation number four, what else does the administration know that they haven't told you, or the auditors, about? After the fire hall audit came out we discovered something not noted, the new fire hall on Portage Avenue was increased in size by about a third and yet we were asked if there were change orders and we were told, no, there wasn't. Could any anyone here imagine buying a house and as it's being built you increase the size by a third and no one seems to put that in writing? The bottom line is that Council needs to find out from the administration exactly what is going on and to hold people accountable. Recommendation number five, review an expressions of interest processes and RFQs are used instead of straight up tenders. When City Hall sells a Parcel of land or requests to buy something, the process is cut and dry, you look at the process…you look at the price and what you're getting for it. But as you can tell from this report, and the fire hall report, City Hall instead has utilized several processes that allow for subjectivity and evaluation rather than clear results. Recommendation number six, to rebuild trust with the public, Council should ask the provincial government to have the RCMP review what has gone on and meet with any whistleblowers who have not yet come forward. Hopefully this will allow you to put matter to bed once and for all. I just have a couple more seconds.

Madam Speaker: You're wrapping up, thank you.

Colin Craig: Doing so will help to determine what exactly happened and will allow the City Hall to close the door on this issue once and for all. If you find this idea to be a bit alarmist, than I submit for your consideration, a column by the Winnipeg Police Association dated October 23, 2013, it appeared in The Winnipeg Sun. In the article, Mr. Mike Sutherland, President of the Winnipeg Police Association called for the RCMP to investigate and noted the awkward position and investigation carried out by the Winnipeg Police Service would be. One can likely speculate their concerns will have only increased since the current audit came out and if you find Mr. Sutherland's comments alarmist, then I think that you need to reflect on this question: “when was the last time that the Winnipeg Police Association suggested that Council should have the RCMP investigate City Hall activities?” If you can't think of another time that has happened, then I think that you can see how severe the situation is. Thank you.

Madam Speaker: Thank you, Mr. Craig. Are there any questions for Mr. Single of Ernst and Young? If they could please. Yes

Councillor Havixbeck: A point of order question here. We've given these auditors only 10 minutes to give a presentation, are you setting a limit on the number of questions that we'll be able to ask? And as well, I have questions of the administration. What is our process going to be for handling that, do you need a suspension of the rules?

Madam Speaker: We can deal with that after. I'd like to deal with the delegations first.

Councillor Havixbeck: Can you answer my first question about how many questions? I have some 40 or 50 questions. If everybody asks that many questions…

Madam Speaker: There’s a time limit but we can suspend the rules to have that go on for a longer period of time. That’s the process.

Councillor Havixbeck: Okay, thank you.

Madam Speaker: Mr. Single if you could please come forward.

Councillor Fielding: I generally agree with what the Councillor Havixbeck said. You know I think there's a lot of questions that Councillors have that need to be addressed. So suspending the rules to have more than 10 minutes to respond I think is a rational approach. So I'd like to move that we suspend the rules to allow for more questions to be asked. I don't know if there's a time limit that we need to put on it or have it open-ended, I'll put that to other Councillors.

Madam Speaker: Just a moment. We'll follow the same process as usual, Councillor Fielding. We can certainly suspend the rules to add more time on the clock if necessary, okay? So we'll start with 10 minutes. Council Havixbeck you had your hand up first. Okay.

Councillor Havixbeck: Thank you for your presentation and thank you for your work on this, and thank you for spending three or four hours with us as a Council. And since that Council seminar meeting we've all had a chance or should have had a chance to read the report at least once, if not twice, some of us three or four times to really get the gist of some things. Could you start with me telling me who had the final version of the audit in our organization?

Mark Single: The final version of the audit report that was presented, there were six copies delivered to the City Auditors of a hard copy of the report in the…on the Thursday prior to the Council seminar. And from what I understand three copies were for themselves and three copies were provided to City administration.

Madam Speaker: Okay. Councillor Havixbeck, second question and all questions will be addressed through the Speaker. Thank you.

Councillor Havixbeck: Madam Speaker, can the Speaker tell us who exactly in the organization had those copies?

Mark Single: The six copies were delivered by my colleague Miss Mankiewicz on June 26, 2014, to the City Auditor's Office. Three of the copies I believe in, and I'll get my contingent to just confirm, I believe three copies were provided to the Acting CEO, to Legal counsel…pardon me, to the COO and the CFO.

Madam Speaker: Anything further, Councillor Havixbeck?

Councillor Havixbeck: We could be here a long time, Madam Speaker.

Madam Speaker: We're going to follow the format of three questions.

Councillor Havixbeck: Three questions for now. I'm sure someone will ask some of the other ones that are on my list. Three copies to the Acting COO's office, one included to the CFO and one to the Legal…Head of Legal? And my question is how did the media have this, who leaked the documents?

Mark Single: I can't answer that from an EY perspective. It was delivered to the City Auditor and after that it was in their hands.

Councillor Havixbeck: Okay, thank you. Next speaker. Councillor Mayes, followed by Councillor Vandal.

Councillor Mayes: There's been some suggestion that somebody must have ordered you not to talk to some people or ordered you to talk to a certain other people, so take as long as you want, be as clear as you want, were you ordered by anyone in this room, any member of Winnipeg City Council or the Mayor to talk specifically only to certain people or to exclude certain other people? And I mean everybody here, private sector realtor firms, former Councillors, any limits placed by anyone on the scope of your interview?

Mark Single: There were no limitations and we're not instructed to not speak to anyone. To answer your question directly.

Madam Speaker: Second question.

Councillor Mayes: I may have more questions at a later point.

Madam Speaker: Sure. Councillor Vandal.

Councillor Vandal: Thank you, Madam Speaker. Page 15 of your report, number 1.2.5, openness, fairness and transparency of the procurement process, the first yellow bullet, it says approximately four months prior to the public release the expression of interest 257/2011, the City provided one proponent with a site plan and dimensions of the Polo Park Stadium site. The main proponent was also provided a copy of the expression of interest 257/2011 in advance of the EOI being publicly released. I just want to make sure that nothing is lost in translation because I didn't ask this downstairs. You're saying an employee of the City of Winnipeg sent a particular proponent an entire copy of an Expression of Interest before the entire process was made public?

Madam Speaker: Correct.

Councillor Vandal: Do you know who that employee is?

Mark Single: Yes, as it's laid out in our timeline, it was the former CAO.

Councillor Vandal: The last former CAO?

Mark Single: Correct and for clarity on that because we did talk about that downstairs last week in terms of titles, we use titles relevant to what was appropriate at the time as we finalized our recommendations. So any references to the former CAO, was the CAO as of May 25, 2011 and previous to that the Deputy CAO as of November, 2008, for clarity.

Madam Speaker: Councillor Vandal.

Councillor Vandal: I may have later, thank you.

Madam Speaker: Okay sure, we'll move onto Councillor Smith at this time.

Councillor Smith: Wes, through you, Madam Speaker, I'm wondering why you did not interview Sheegl or Sandy Shindleman. They played a large role in many of the activities outlined in your report. Why did you not interview them?

Mark Single: Specifically we did not…and I laid this out in our presentation…we did not interview any former employees, nor any proponents. This audit and review of real estate processes and procedures was on specific transactions so it was a review of processes, policies and procedures and auditing of those transactions. It was not an audit of proponents which would address the question around any other proponents. There were a number of different counterparties, over 25, that were identified in our report. We conducted no interviews with any of those. Relative to City processes, those outside proponents shouldn't have any information around internal City processes and policies and documentation stored in City files. Specifically we relied on facts, file documentation, and responses from PPD staff. In our experience, if appropriate processes and procedures are in place, the file documentation of the transactions on file should stand on their own. We were able to conclude on our findings and fully meet the audit objectives with the evidence obtained and without conducting further interviews. We stand by our report and approach as it relates to that. If more information were relevant or available, we would have expected the current PPD staff to provide that in their roles where they were employees of the City and able to access that information. And we did in some of our discussion, in discussions with the Acting CAO; he indicated that he did have access to the former CAO's files to obtain any relevant information.

Madam Speaker: Thank you. Anything further, Councillor Smith?

Councillor Smith: Yes. You know, in reading your report, there has been reports in the past where policies have been ignored. With your recommendations for this report, how can we ensure that they're going to be carried out?

Mark Single: I think as you look to, and, again, I touched on this earlier in our presentation this morning. Of the 17 recommendations, we've highlighted that the most important one is the first one that's listed, where an overall real estate management transaction framework is incorporated and put into place. The various steps within that general framework and this is applicable to other municipal environments; we've got experts on our team who have seen these implemented in other municipal environments. The key aspect to understanding that those changes or proposed recommendations are enacted, the last stage of any framework is the monitoring process. And that would typically be done new some sort of sample auditing of certain transactions. As we've outlined in our recommendations.

Madam Speaker: Thank you. Councillor Browaty.

Councillor Browaty: Thank you, as a follow-up to Councillor Smith's question, a lot of the evidence and information was from existing real estate files and from doing email dives. Yet page 92 of your report indicates quite specifically that there was extensive use of confidential and privileged information being sent to employees' personal email accounts as well as real estate transaction files being kept off-site. Based on that information, would it not be relevant to talk to some of the former employees that may have taken through email or by files being removed from offices?

Mark Single: In terms of that finding, we raised that, again relevant to appropriate protocol and policy, where having information sent to personal emails or taking files home personally wouldn't be appropriate and having…there isn't a current policy as we understand it prohibiting that. To your question of did that raise any alarms or that further information should have been obtained by following up, we specifically were able to, by accessing emails and with the documentation in the files, obtain the necessary evidence to formulate our conclusion and our opinions to support our audit.

Madam Speaker: Okay. Councillor Eadie you have the floor.

Councillor Eadie: Thank you Madam Speaker. I have one question that arose during our seminar and I just want to get clarification from…

Madam Speaker: Councillor Nordman moves extension. All those in favour? Contrary? Carried.

Councillor Eadie: …from the people we hired to conduct this audit and review. My question is specifically related to the term "transaction", and I'm wondering if I could answer this question, in terms of defining what a transaction is, it seems to me that a transaction isn't just on one specific…happened on a specific date, but that transaction is actually the whole process and things compiled to come to a conclusion on a transaction. Can you define to us what your concept of a "transaction" is? And this is in reference to the Parcel 4, the last proposal we had on Parcel 4, I believe it was in 2012, at Council we voted to decline entering into a final concluding contract with that fire sale.

Mark Single: I can help answer that question in defining that a transaction would include all steps to the transaction, from essentially the starting point or the initiation of the transaction to a closing and transaction finalization. If you look to our detailed appendices, we have laid out for the various transaction types. What the start of those transactions starts with, what is the key step and runs all the way through to the culmination of the finalization of those particular transactions. So a transaction as defined would be any part of that transaction, were it something…it may not even necessarily close because this was a process review of procedures and policies and adherence and compliance to those. We did look at transactions under the definition that it would be not just the final closing document being in place but from the initiation of the transaction.

Madam Speaker: Thank you. Second question, Councillor Eadie.

Councillor Eadie: Yes, Madam Speaker. We had a lot of questioning and stuff through a seminar, reading to report. I appreciate the findings. I'd just like to ask one question. In terms of being able to conduct an audit and a review, and I know that there was a RFP…The auditor chose somebody to…or chose a group to conduct this audit review. Would…did you find…my question, Madam Speaker, is did you find any difficulties in trying to follow up or following through based on the mandate that was given within the Council motion that ended up in this report that we're dealing with today?

Mark Single: No, we didn't have to overcome any trouble or issues. Ultimately we were able to conclude on our findings and fully meet the audit objectives that we set out. That was established as part of the RFP process and ultimately the evidence obtained and the work completed supported our work. So we had the evidence required to complete our procedures.

Councillor Eadie: Thank you. Mr. Mayor you have the floor.

Mayor Katz: thank you very much. Nice to see you again, Mark.

Mark Single: Likewise.

Mayor Katz: My first question and I'm basically just going to…in a different way because it's already been asked, but when you look at the 33 transactions…now I'm going to actually list them for you and I'll ask. And as you know I have asked you this in a different way once before, but if you look at the transactions, and I'll start off with purchase of the Winnipeg Square Parkade, the Parker lands, the purchase of 266 Graham Avenue, 470 and 371 Warsaw expropriation and 344 Gertrude expropriation, Parcel 4, Southside Wilkes, St. Boniface Industrial Park, Ville Maria 1750 Dugald, 21 Iroquois, Charleswood Place Baseball Facility and 100 Sinclair. The CAO at the time of all of those was Glen Laubenstein and then if you look at CPR Marconi Line, Vista Enterprises, 100 Murray Park Road, 780 Marion, Sterling Line Parkway, Transcona Joint Venture and Pine Ridge Gravel, the CAO at the time was Annitta Stenning. If you look at Polo Park, 395 Main Street, 457 Main Street, the CAO was Phil Sheegl. Bishop Grandin, the acting CAO was Mike Ruta. Stella and Mission Streets was Gale Stevens and 100 Murray Park Road, the Acting CAO was Alex Robinson. None of these CAOs were interviewed. The CFO of the City of Winnipeg was not interviewed. No one with Corporate Finance was interviewed. No one in Materials Management was interviewed. We have appraisers that work in Property and Development as well as Assessment, none of these were interviewed. Do you really believe that in the best interest of the City of Winnipeg it was not to interview any of these people?

Mark Single: Thank you, Mayor Katz. As we said in our introduction in addressing one of the other questions here already, with the Council motion requesting a review of processes and policies, those are driven specifically by the Real Estate group and in working through those processes as we did address Councillor Eadie's question, walking through the processes for each of the transaction types from front to back and who ultimately were the relevant individuals and addressing the key testing attributes on those transactions, that documentation and that evidence was in our…in the files and we're able to support our audit procedures. We did interview Materials Management; that is listed in our report. In terms of specific transactions we would have had interaction with the Finance group or obtained specific analyses as

required. So I think that to address your question, yes, we feel very comfortable that to support what the mandate of the Council motion was, the necessary evidence was obtained through our procedures undertaken.

Mayor Katz: Madam Speaker just for clarification, so the answer is: no, it would not been in the best interest of the City to interview all of those people that I just mentioned. That was my question. I just take a yes or no, I'm a simple guy from the North End.

Mark Single: I'm a simple country guy…northwest. You…let me address that question, you had many parts to your question and I addressed specifically who some of those individuals interviewed were and why. The individuals we interviewed relative to the mandate of the audit were the ones that we felt appropriate to support our opinions. If and as we've said, if there's individuals that, whether it be the administration or others in management thought we should have interviewed, we certainly would have taken that under advisement. Ultimately, we felt comfortable though to support our opinions with those we spoke with.

Mayor Katz: My next question. We spent, I think as Councillor Eadie said, about three hours in a Council seminar, which I think was very productive and I do believe there are…a lot of recommendations are excellent recommendations so I do thank you for that.

Mark Single: Thank you.

Mayor Katz: But then as you know Council received a 189 page document which none of us had the chance to read and we're trying to go through…we're asking questions. And then, later on when I did have an opportunity…page 43, it's called "restrictions on the use of this report." and it specifically states "EY has not obtained any consent through disclosure of any personal or confidential information detailed in this report. In the event you which disclose some or all of this report to third parties or in the public domain we would caution you that you may need to obtain appropriate legal advice as to any matters which may need to be redacted prior to disclosure"…yada, yada, yada…"because of fear of lawsuit". Out of curiosity, during that three hours, did any representative of E&Y or our City auditor make the Council aware of this potential liability?

Mark Single: That particular point was not raised specifically. This report and draft versions of it were provided to City administration and were available though from...and with that particular section included, from the point of May 5th forward.

Mayor Katz: Can I get my third question in?

Madam Speaker: Yes.

Mayor Katz: It was just clarification. You know what, I'm happy to wait…happy to wait.

Madam Speaker: Councillor Vandal. Councillor Vandal. Okay, defer to Councillor Fielding? Councillor Fielding.

Councillor Fielding: Thank you for your presentation and, by the way, I support the report and the recommendations for the most part, I think that it was a good report, an eye-opening report. Just a question on the appraisals…there was two appraisals that you had indicated, one in the Parcel 4, the valuation I think was somewhere around $10 million. And there's another one on the Parkade somewhere around $40 million to $43 million that Council wasn't aware of through the reporting system. Did you ask our staff, when you know…the staff that you did interview about this, of why those valuations weren't brought forward to Council in terms of the reports?

Mark Single: I may defer to my delegation on those transactions. Both Inga and Monica worked on some of the details of these…so Inga on specifically Parcel 4. The question is, the $10 million appraisal, why it wasn't put forward.

Councillor Fielding: Maybe just for clarification, what did our staff say when you asked them, well why didn't you bring this evaluations forward? What was the response I guess is the question that I have?

Mark Single: I think there wasn't an awareness of why it wasn't put forward. I mean, again, we do need to check. There were substantial transactions and a substantial amount of work on these various transactions. We can spend some time to go through our notes and circle back to that question if that's fair? Thank you.

Madam Speaker: Okay, Mr. Mayor, we'll come back to you. Did you want to continue? No one had their hand up. Okay. Councillor Swandel followed by Councillor Orlikow.

Councillor Swandel: I guess one of the things that troubles me is you refer to the reporting in reports but we receive most of our information through the decision making information system, the reports that come to Council. Did you on doing your analysis on the specific transactions review the information that came to Council, specifically the reports on declaring the land surplus or the actual conclusion of the transaction as it came to Council and all of the information in those reports?

Mark Single: Yes, we did. The various appendices list the particular procedures that we held each of the transactions up against and specifically any of the administrative reports to Council on these particular transactions were reviewed and are contained in our audit files.

Councillor Swandel: So when the…well I won't get into it, I'll speak to it later on. The issue of creating more procedures and policies to ensure that, you know, everybody can see what was done and why we did things the way we did them, are you aware that with those policies that you also create…or it's always…the situation always exists that Council is supreme and where opportunities to get value for the City arise that Council can override those policies at any point in time? And, in fact, in a number of cases that was what was done here. Were you aware?

Mark Single: Yes.

Madam Speaker: Okay, Councillor Orlikow.

Councillor Orlikow: Thank you very much. There's going to…no preamble. My question to you is on your credibility as an auditor, EY as an auditor. Can you tell me how many similar types of audits that you yourself specifically, or the company, have done in Canada?

Mark Single: Sure, I think that I'll start by addressing that this particular process was done under an RFQ and RFP process, where the credentials of all our team members would have been put forward and screened and there was a scoring approach to have us become the proponent that is doing the work. Specific team members, as I've said, I have 22 years of experience. I've done reports similar to this both directly as well as part of my financial statement audit role as an insurance partner. All of our team members, as I've said, we had credentialized, certified fraud examiners as part of the team, we had specialists that have experience doing these types of reviews in a municipal environment; two in particular, one out of our Ottawa office and one out of our Toronto office that leads our real estate practice. So we…I am very confident, had the right team members to be able to prepare this report and conduct this audit.

Madam Speaker: Second question.

Councillor Orlikow: Now knowing the experience, is it possible for you to give Council today an idea about how this audit compares to other audits in regarding to…just for us to know the scope of what we need to be doing to move this forward. Is this an audit that you consider very significant or is this kind of normal throughout Canada?

Mark Single: Again, this would be a perspective on sort of what I've seen so it's my point of view. The team members we had specifically that have public sector experience in the municipal governance area, who have done similar reviews around transaction management frameworks, for real estate transactions, did give us feedback. And that's where I think there's the most comparability of work that they would have done with what was done here. And generally…and we've acknowledged this, that there are policies and procedures and delegations of authority in place in the City processes. This is about having that transaction management framework over top to govern those particular policies and transactions. Establishing guidelines on things like appraisals, procurement processes and when they would be in place. So based on our findings, we would identify, and I think that we have raised this, is that certainly the findings are certainly troubling and concerning relative to changes to be incorporated.

Madam Speaker: Thank you, anything further Councillor Orlikow.

Councillor Orlikow: Yeah, just my final question… we have two options…well a number of options, we can just not accept the recommendations or accept the recommendations on a whole, but, again, what if maybe you could give Council a…now that…other experience in other places, how have other Councils moved forward from this? I'm looking as this an opportunity to move forward and to again regain the trust back into the public…from the public's trust. Do you have examples of a…I'm still struggling on how we're going to move and make sure it's all implemented and I understand just changing a policy book isn't going to do it. There's a whole bunch of lateral things that happen; there's some HR stuff that's going to have to happen and how to build our team to do this. Do you have any examples of other places and how they've done that?

Mark Single: Yes and I think what I'd do, I'd refer to our report on page 94 where we give a high level summary of what an appropriate transaction management framework for real estate processes would look like. And I've said this in addressing a couple of other questions the…you know, section 4 or procedure 4 and procedure 5 in those frameworks being performance management reporting, monitoring and audit…and again, this isn't about setting up policies and procedures for the sake of having policies and procedures. I think that you have to bring the balance of not introducing so many policies things can't move forward and function but understand that given the governance aspect and being in the public sector, addressing those concerns. And I think that the key piece is first we setting up those policies and directives but it's monitoring those in some way and that would be, you know, discussions I've been part of over the last month or two as we finalize this report, and what we've seen in other public sector environments is how that supports more success in implementing them.

Madam Speaker: Thank you. Seeing the hour our procedure by-laws states that we recess at 12:00, what is the will of Council? Okay. All those in favour of a recess? It is going to be a long day today. All in favour of a recess?

Councillor Gerbasi: Just a suggestion, maybe have a shorter recess than normal? Maybe half an hour or something so people don't starve or 45 minutes, whatever people think, rather than an hour, just to get moving on the day. I know that we have an hour and a half, so could we say 45 minutes so people could get some food and then we can carry on?

Madam Speaker: Just a question, I have one more speaker on my list, are there any other speakers? Okay. So is it the will of Council to recess at this time to 1:30 or 1:00. 1:00? All those in favour of a one-hour recess? Contrary? Carried.

Reconvened meeting of
Winnipeg City Council of
July 9, 2014, at 1:00 p.m.

Madam Speaker: I'd like to reconvene the meeting, Councillors. There's been a motion from Councillor Steen that you may remove your jackets if you like. It is a little hot in here. All those in favour? Contrary? Carried. Now we'll continue with questions of our delegation. Who would like to speak next? Okay Councillor Mayes.

Councillor Mayes: Thank you, Madam Speaker. Just for clarity, and perhaps I'm a bit defensive on this, but we had somebody on the radio this morning saying review of real estate transactions, the last five years. So people attack us on a number of grounds but here's one where I want to be clear. Page 40, the timeframe here is five years of leases, transactions, expropriations, 2007 to the end of 2011, for the time…the subject time frame. I wonder if you could just confirm that.

Mark Single: I can confirm that the original list submitted with the RFP contained transactions from that time period. There were additional transactions subsequent to that, given this was a process review and one of the key criteria around choosing the transactions was magnitude and so the...for example, the Polo Park Stadium was closed subsequent to that, some of it happened and started in this period but it closed subsequent so it wasn't on the original list in the RFP.

Councillor Mayes: Polo Park…I don't think this is my second question but Polo Park transactions ends with a vote by Committee, for example, in 2012, not the full Council?

Mark Single: Correct.

Councillor Mayes: The another question I had was about…there's been discussion about potential criminality arising out of this, I know that there's some forensic auditing folks your…with E&Y. I wonder if you could express findings as you expressed them last week; just in terms of is there any potential criminality in your view as the auditors arising out of this procedure, out of this audit?

Mark Single: Right and we did cover this in council seminar and essentially would confirm as I did last week. We were retained to conduct the review of real estate transactions to provide findings on whether City policies and processes were followed and whether they were adequate. As such we weren't engaged to conduct a forensic audit. And relative to criminality, we're clearly not lawyers and this is a question best answered by legal counsel. However, we did have an EY partner who is a Chartered Accountant, with specialist designation as a forensic and investigative accountant and certified fraud examiner. Essentially…which is Steve Witlaw, he reviewed our report; was part of our work throughout the reporting, as well as the final report. Reviewing the findings ultimately as we've said they're certainly concerning and troubling but they wouldn't sufficient to warrant a criminal investigation based on the information obtained within the scope of this audit.

Madam Speaker: Thank you. Any further speakers? Councillor Swandel.

Councillor Swandel: It was good timing there. I just wanted to ask a follow-up question. The last time we had some audit work brought to us…people may not recall but there are two parts of this. There's one is the…this audit and then the other is the talking to all the Councillors about the fire stations piece, right? And that was done by Mr. Witlaw

Mark Single: Correct.

Councillor Swandel: My understanding is it cost him about $30,000.

Mark Single: Because that would have…I don't know the exact dollar amount. Because that would have been…

Councillor Swandel: Take our word for it, it's about $30,000. Is it fair to say that the outcome of spending that thousand dollars is this one page document that we have? That has an introduction and at the top of the second page is the conclusion.

Mark Single: The report that ultimately was presented at Council seminar was delivered by Steve personally at that point. He advised at that point, he wouldn't be here today to speak to the report but…

Councillor Swandel: But Mike, **t**he only reason I'm asking this question is because we have a number of motions in front of us to try and do more things to beat this horse, whether it's alive or dead; I'm not going to pass judgement.

Mark Single: Right.

Councillor Swandel: But we seem to want to continue to beat this horse. So we did that before. We spent approximately $30,000 the conclusion was the interviews did not produce information that would lead us to believe that amendments and/or additions to our October 7, 2013 report are required. I'm just trying to get a sense of value out of you to doing more of the same type of thing.

Mark Single: Yeah and I think what I can speak to is that Steve, I believe when he was requested to do this work, did suggest that it may not be worthy of going down that path in the first place, given where the results have gone to on the first audit. That's just from a general awareness of what's in the public domain.

Madam Speaker: Thank you. Councillor Wyatt.

Councillor Wyatt: Yes thank you. First of all, thank you for your report and for your detail. I think it…your group, your team did an extensive job…

Mark Single: Thank you.

Councillor Wyatt: …analyzing this and investigating and I want to thank you for doing that in terms of the contribution to our City and hopefully we can move forward and adopt this and do other things to improve our City. I have some questions that are kind of...when I was reading the document; they kind of jumped out at me and I just wanted to get some clarifications. In terms of the overall transactions you looked at the 5 major transactions, did you…were you given or did you have access to and did you see in detail all the sales, purchase agreements, leases, their drafts and the final sales and purchase agreements?

Mark Single: Yes.

Councillor Wyatt: Okay. So was that…is that information that can actually, you didn't put that in your appendices or…?

Mark Single: No. Given as you know, a couple of examples when questions were asked. For example, we don't cite given proponents or specify anyone in particular from a confidentiality perspective. We retained copies of that evidence in our working paper files as support for the transaction testing but wouldn't put that in the report given the nature of those documents.

Councillor Wyatt: In terms of the exclusive buyer agreement that was the RFQ for 72-2008. Who…when you researched this, who approved that exclusive buyer agreement on behalf of the City?

Mark Single: Who signed off on that particular agreement?

Councillor Wyatt: Right.

Mark Single: Just bear with me as I don't want to misspeak. The exclusive buyer agency agreement was signed off January 21, 2009 by the Director of PPD at the time.

Councillor Wyatt: By the Director of PPD, okay. On page 6, you cite that in terms of the transaction pertaining to 266 Graham, the acquisition, that the real estate broker's commission was paid in advance. Can you elaborate on that to me? In terms of the work being done at that point, that you pointed out that was not customary or not a traditional way of doing business or you're implying that I guess.

Mark Single: So this is on page 7 of our report?

Councillor Wyatt: Page 6.

Mark Single: The $100,000…

Councillor Wyatt: The former CAO stated in an email that even if the transaction did not close this was a reasonable amount of all the work done at this point by the real estate broker, suggesting that the real estate broker be paid even if the transaction did close. So before closing there was a…can you…?

Mark Single: Correct. I just wanted to clarify that it was the same payment. Yes that's why we raised this; is because typically, it would have been paid on closing. Ultimately in following up, that amount was applied against the values. It just was again from a process perspective; how that was described from the various emails and from a protocol perspective being off policy.

Councillor Wyatt: Okay. I'm just looking at the Speaker because I had 3 questions so…

Councillor Swandel: What page was that on Russ?

Councillor Wyatt: Six.

Madam Speaker: Yes. We're moving on. I'm just looking at my next speaker is Councillor Orlikow. Thank you.

Councillor Wyatt: Thanks.

Councillor Orlikow: Thank you very much. I just want to follow up to Councillor Mayes' questions regarding…and I want to be very clear. Does EY have the ability to stand in front of us today to say, "there's no criminal chance anything went wrong in here? That our Charter was...our Winnipeg Charter was followed properly". EY, is that what you're stating today?

Mark Single: I think we are commenting and have stated that based on the scope of this audit, and through the findings and the outcomes we've determined, it doesn't indicate criminality that we'd propose it going forward to the RCMP or Police Service.

Councillor Orlikow: Which is wonderful news, but to clarify that that's based upon the scope that you were delegated authority to do.

Mark Single: That's correct. In a non-forensic audit situation, the audit of the processes and procedures of the City of Winnipeg Real Estate group.

Councillor Orlikow: And again, I…and I'll get into the motion maybe later on. But my question is, was there any review on when you're doing this related to the Winnipeg Charter that is by the Province and how it sets out all our structures and our rules and responsibilities? Did you look at that at all?

Mark Single: No that wouldn't have been part of the scope of this audit.

Councillor Orlikow: Thank you.

Madam Speaker: Thank you. Next speaker is Councillor Eadie, followed by Councillor Havixbeck.

Councillor Eadie: Yes thank you, Madam Speaker. I wanted to go back to a transaction that Councillor Vandal was asking about and I just want to make sure before I ask my following two questions that I'm clear on this. That in the sale of the old stadium property, that a EOI was…I'm just trying to make sure this is clear…that the winning proponent…the winning bidder seen an EOI prior to it being made public?

Mark Single: Correct.

Councillor Eadie: Now I just heard what you were talking about in terms of Councillor Orlikow and you were examining real estate audits but would you say that releasing that EOI prematurely to the winning bidder would note some sort of favouritism towards that winning bidder?

Mark Single: I think what we would say and we've identified this in our report is it would contravene policy relative to what should be done. There was review of that subsequent to it being determined by Materials Management and they viewed it…Materials Management group as it not being material to the process given that it was a short number of days in the whole time frame. Again relative to favouritism, that's something we can't necessarily speak to. Our report is based on the findings of our audit procedures and the evidence we've obtained and the facts presented in our report.

Councillor Eadie: Wow. Thank you, Madam Speaker. My last question is so you didn't…I'm sure you didn't review the employee code of conduct but did you know that this smacks potentially of a violation of the employee code of conduct?

Mark Single: Given at just as I address Councillor Orlikow's question. That the audit was focused on the real estate processes as opposed to particular code of conduct or other authoritative acts such as the Provincial Act that governs us. Given the directive in the RFP and what the Council motion dictated.

Madam Speaker: Thank you. Next speaker, Councillor Havixbeck.

Councillor Havixbeck: Thank you, Madam Speaker. Can Mr. Single tell us please, in an organization such as the City of Winnipeg, how a commission on any kind of an invoice could have been paid without a contract?

Mark Single: We've raised some of those particular issues in our findings for that reason. Typically procurement amounts would be paid off of purchase order or invoices but given protocol and requirement to have contracts in place. That's why this was highlighted in our findings.

Madam Speaker: Second question.

Councillor Havixbeck: Could Mr. Single please tell us who in this organization he is aware of as having known about that instance as well as where there was a lack of appraisals provided to Council, missing or outdated appraisals, lack of confidentiality agreements and lack of achieving good or appropriate value for money. Who in our organization, specifically, would have knowledge of that?

Mark Single: Given the volume of the number of transactions and types of transactions, what I propose is we can provide a response to that on each of the transaction types and each of the finding types. I wouldn't want to misrepresent right now and provide an answer that's not a full answer because I don't think we've got that prepared to make sure we address comprehensively all of those particular items but we certainly can reply to you.

Councillor Havixbeck: Okay.

Mark Single: And I'll just ask my delegations to see if they feel they can pull that together but I just think that the sheer volume is we'll take that away and we can provide that.

Councillor Havixbeck: Thank you. Guess I don't want to waste a question asking when, because I feel that we're limited. But in your open…in Mr. Single's opening comments, he stated that all members of Council were interviewed and I know as someone who was interviewed, I was asked about the five properties on page 5, Sale of Winnipeg Square Parkade, Sale of Polo Park Stadium, Proposed Sale of Parcel Four Lands, Acquisition of 266 Graham, Parker Lands Transfer. You asked, I'm assuming each member of Council those five properties, did anyone during their interview or subsequent to reading this report, so from the time they were interviewed to getting this report, ever object to one transaction being simply a proposed transaction versus an actual completed transaction. Did anyone on Council object?

Mark Single: No one on Council objected.

Madam Speaker: Okay thank you. Next Mr. Mayor.

Mayor Katz: Thank you. You made some comments earlier and I need to ask. You mentioned earlier that the Acting CAO informed you that he had the former CAO's files, you recall that I'm sure.

Mark Single: I believe I said "had access to obtain relevant information".

Mayor Katz: Yeah so I guess my question is, did you ask for those files and did you review them?

Mark Single: That offer was made as part of our review and audit procedures for any requested information that we required to support our audit evidence for our report. We'd have worked with the PPD Director and if it part of that request would have meant going into those files, we would have expected them to bring those forward. And as we've said, we have all evidence necessary to support our audit findings and the fact that findings were included in our report.

Mayor Katz: So I guess Mark, that's a no then. No, you never asked for them and no, they weren't reviewed.

Mark Single: The answer is no because we obtained our evidence through other means.

Mayor Katz: Okay, I'll accept that. You mentioned the Director of Property, Planning and earlier you stated that he recommended that you interview people from the outside. Do you recall that comment?

Mark Single: I said there was…my comment was there was consultation with the City around the interview process. And we provided an email to the Director of PPD around who those groups were and asked if there was anyone else that he felt appropriate to consider.

Mayor Katz: And was there a response?

Mark Single: No.

Mayor Katz: Okay so he didn't recommend anybody from the outside then?

Mark Single: No, but we confirmed those that were and that list on that email it was listed there were people from the outside.

Mayor Katz: Okay thank you. On December 2012, I believe that's the date that E&Y basically was awarded the contract for the real estate review/audit and it was awarded for $225,000. I don't think anybody on this floor of Council for a moment would question the integrity or credibility of E&Y, there's major accounting firms throughout the country who I believe are all held up in high accord. At the Council seminar as you recall, when we asked the Auditor what we're looking at right now price-wise it appears it's approximately $472,000 and could be hitting half a million dollars. I'm wondering if you could possibly explain that to us?

Mark Single: Yes, I can.

Mayor Katz: Thank you.

Mark Single: The original RFP was related to the review of the processes and policies based on the findings and as we outlined the scope of the detailed review and the additional work to be performed, including the email review and email searches, that obviously changed the scope and in consultation with the City Auditor that approach was approved to move forward with to make sure that the Council motion requesting this audit was addressed in terms of the findings and the work done in the report to include that detailed review of those transactions.

Mayor Katz: Following proper process and procedure, if we're going from $225,000 to half a million which is a 100% increase and I'm sure you're aware when there have been projects that have gone to that amount, you don't think proper process and procedure be come back to Council, number one? And, number two, if you're changing it that significantly, what about the other firms that had competed and lost out when they may have been in a better position with the change, should they have not had a fair opportunity as well?

Mark Single: The additional scope that was proposed and concurred with by the City Auditors was over and above the requirements of the original RFP and RFQ.

Mayor Katz: Every member on this floor of Council is aware of the Council motion, that's what we approved. So where did anything change? And who had the authority to do that?

Mark Single: I may call on my delegation, including City Auditor to address this question as well. We put forward as we moved down…firstly looking at the original transactions and then going to the detailed review as well as various other aspects that weren't contemplated in the RFP and put forward a proposed impact of that to the scope. It's currently with the City Auditors, with no amounts finalized.

City Auditor: I was approached by E&Y to undertake…for them to undertake additional procedures with respect to certain transactions and I thought that it was appropriate that that would be done and I wasn't absolutely sure as to what the final cost was going to be until we finished the job. And I said to E&Y that we would come to a settlement at the end of the day in terms of the cost for this additional work.

Mayor Katz: Knowing Council directed what had to be done in the motion, it's black and white, and it was awarded $225,000, if there were any changes do either of you not believe that it would have been appropriate to come back to Council before doing that type of authorization? Because now the cost is actually doubled or higher.

City Auditor: I understand that the cost has gone up but my objective was to ensure that the Council motion was actually delivered, that it was accomplished. I felt that work was necessary to fulfill that motion. And I didn't think that it was something that was not required. And for that I take full responsibility of doing what I think is necessary in order to get the job done. We haven't come to terms on the final costing for the review and I'm more than willing to defend my decision in front of Council.

Mayor Katz: I appreciate that, but what you're actually saying then is changes were made and you believe in the best interest these changes should be made.

City Auditor: Right.

Mayor Katz: With you making that decision without Council's approval?

Madam Speaker: We're wrapping this question up. Yes. It's the same question, we're wrapping it up and move on to another speaker after this answer.

City Auditor: Obviously the bills will not be paid until Council gives authorization to pay them. So when they're presented they will be approved. I felt that it was necessary to get that work done and I authorized them to go ahead and do that work and that we will deal with the accounting for the costs at the end of the contract when it's delivered.

Madam Speaker: Thank you. Thank you, Councillor Mayes; followed by Councillor Pagtakhan; followed by Councillor Eadie.

Councillor Mayes: Yeah there are a couple of things still I needed to get clarification on and these are more by nature of confirming…if there's more questions that the admin may be…so sort of three assertions from the report that the higher value for Parcel 4 was not presented to Council. That the Winnipeg Square Parkade, there was a higher value on the books than what was presented to Council. And the role of the broker on both sides in the Winnipeg Square Parkade and there's been some discussion of this in the media and I wanted to confirm, not really questions as to how this happened, I don't think you have an answer to that, but just those…is that an accurate reporting of the conclusions of the report on those three issues?

Mark Single: Yes. On the first two that would be accurate. On the last item in terms of the proponent the broker was acting as an advisor to the City on particular processes undertaken and then ultimately did end up once that relationship ended being a broker on the other side.

Councillor Mayes: But you don't have…as to how this happened you're not in a position to comment on that?

Mark Single: Correct.

Councillor Mayes: And final question I had, to change the scope a bit, if you have someone in your bullpen there, on your bench, who was the expert on the Pine Ridge Gravel matter because it's a matter I had never heard of, I think, other than from CUPE who had repeatedly raised this and never really landed much here at Council, and yet we have quite a bit of discussion here what happened at Pine Ridge Gravel. I wonder if there's anybody on your team who might speak to that and indicate what concerns or what issues were raised by that transaction?

I'll defer that to City Auditor on that transaction. The delegation is having a hard time hearing the questions so you may need to repeat it. Is it okay if they sit here? Yeah. So Councillor could you…

Councillor Mayes: So you've been waiting for this question. Pine Ridge Gravel, tell us what the concerns were.

Auditor: The major concern in that transaction was the fact that prior to the sale an appraisal didn't take place to determine the value of the assets before they were sold. So that prevented ultimately Council from analyzing what the reasonableness of the bids made. So in future I think in the recommendations stating just increased procedures around appraisals to ensure that before all major sales transactions, appraisals take place.

Madam Speaker: Thank you. Councillor Pagtakhan.

Councillor Pagtakhan: Thank you very much, Madam Speaker. Mr. Single, I just am looking for some information on one of your recommendations, recommendation #15 on page 30 of your report. It talks about restricted use of personal email accounts for City business and establish policies regarding the removal of City files off-site. I just wanted to know from your findings…what in your findings prompted you to provide this recommendation?

Mark Single: The findings, we have identified them within our report as well, where in certain circumstances as we went through our review of the real estate files and the corresponding documentation, personal email accounts were used and at times when we were looking to review the real estate files, there became an awareness that at times they were taken off-site to personal residences, either to work at home or get work done. So it was with good intent and, you know, as we would in our business we do take files off-site as we work in our home offices but given the sensitivity and given the nature of some of the information in those files, having a policy around what the right protocols are, you know, for example, we wouldn't leave files of ours in an unattended car. They would make their way straight from the office, the place of work, to our home office.

Councillor Pagtakhan: Okay, thanks for that. With regards to the personal emails, were personal emails used to transact on some of the transactions that you were evaluating?

Mark Single: Let me just check with my delegation around where the evidence of those being used, if they were on transaction files. As confirmed with my delegation, those personal email addresses were used to communicate on given transactions. So it did include that information, but ultimately it wouldn't necessarily have been all on each part of a transaction, sort of from front to back, but there would have been circumstances where the communication would have been to inform to that personal email address information on those transactions.

Councillor Pagtakhan: Okay, and so my last question is then…I'm curious then on what transaction did those take place, do you have information on that?

Mark Single: We have the details of those emails but wouldn't…again, similar to one of the other questions, we can reply back to which particular transactions might have been covered. It would have been more than one. But I just don't want…if you want a complete and comprehensive list I don't have that with me. That would be in the details of our working paper file.

Madam Speaker: Thank you. Councillor Eadie.

Councillor Eadie: Thank you, Madam Speaker. I have some concerns about a line of questioning that's been going on in relation to scope and reporting and engaging in extra costs and so on, given what we're analyzing, I could understand that. But my first question is…and this, Madam Speaker, is probably for the Auditor, City of Winnipeg Auditor himself, but is there anywhere in the Charter in the description of your duties that allows you to increase the scope of a contract if you would…if you were seeing something that is of importance?

City Auditor: I think that the Charter allows me to investigate matters that I determine need to be investigated.

Councillor Eadie: Thank you, clearly he has the power to make sure what is being investigated gets fully looked into. In terms of the progress of this real estate audit, my question is and, Madam Speaker, this is more unlikely for the City of Winnipeg Auditor, was there any reporting that you might have made in terms of increasing the scope of this particular audit review?

City Auditor: I don't think that I've actually increased the scope. The scope is the same, the amount of work that was going to be done was increased in terms of procedures they were going to follow but the objective for the audit remained the same.

Madam Speaker: Thank you.

Councillor Eadie: My final question, usually this…the last audit that came we didn't question the auditors…my final question, Madam Speaker, is this costing us more billable dollars in terms of this real estate audit having the so-called baseball team in the back benches over there, here for several hours of questioning?

City Auditor: I don't think that it's going to cost anything additional at this stage.

Madam Speaker: Thank you. Next speaker, Councillor Wyatt.

Councillor Wyatt: Yeah, I just want to…there was…you mentioned a number of times now about updated appraisals and it's interesting because in terms of your report on page 13, you mentioned the north-south transportation corridor. There was an appraisal done of May 24, 2007, and then when it was sold in April 2008, the appraisal was done of $1.47 million to $1.678 million. When the property was sold, it was sold for $2.1 million. So a fair bit above the appraisal that was done less than a year in advance. You mentioned in the seminar that in terms of practices you think appraisal should be done, I think it was six months, you said. I understand that you're making a point in terms of this but I guess that the point…I mean, in terms of putting something out on the market to determine the actual value, in many ways that actually confirms, is the ultimate way of confirming whether your appraisal is accurate or not or actually what the market will bear, is that fair to say?

Mark Single: It's fair, more specifically if it's an open and competitive process in the market.

Councillor Wyatt: And was it open and competitive process in terms of that transaction?

Mark Single: Absolutely.

Councillor Wyatt: And I guess the same question goes with the next point which was the Sterling Lyon Parkway, which was valued at $1.3 million. Standing Policy Committee…it was an appraisal done in 2008, at $1.3 million. It was sold in May of 2007, again, less than a year later, for $2 million. And based on that, was that…so above the appraisal values quite fairly significantly, was that an open and competitive bid process from what you can see?

Mark Single: Yes

Councillor Wyatt: It was, okay.

Mark Single: Yes. And our findings related to that in the six month timing is really about documentation, not necessarily having to go out and re-perform an additional appraisal but understanding that the conditions haven't changed. Also assessing, if there is a substantial increase supported by the market, in for example, the two transactions that you mentioned, is there a question of the appraisal processes and understanding that are those prices coming in too low just from an internal perspective if there's internal prices? I think that it's about…those were identified more so from a process perspective.

Councillor Wyatt: Okay. In terms of the Polo Park Stadium site sale, you note the issue in terms of the land dedication fee and then later on the management response on page 37, states that the reduction of costs from 25% to 23.86%, I'm assuming that's the land dedication fee being reflected there in terms of that. Is that…my first part of the question and, A and B, is tied to it, is the…it goes on to say…the management response goes on to say that the City inadvertently included approximately 1.7 acres of the stadium site which was for the widening of the St. Matthew Avenue. So this was the City of Winnipeg selling this land to the purchaser but…you know, in terms of selling something to somebody, if you're selling it and you know that you're going to need a road widening, that person who rightfully should know that in advance, would say, well I'm only going to pay for this section and I'm not going to pay for this plus that. So I guess my two questions is, does that address the concern that you raised? Because in a lot of these you have EY comments after the management response but in this one you don't have a comment after the management response so I just want clarification on that.

Mark Single: Right. The 25% to 23% was just based on traffic studies and refining that number

Councillor Wyatt: Right.

Mark Single: And relative to the property that was inadvertently included, the relative value for that we were provided by the PPD group and analysis of those amounts and the rate per acre to put it back to what was originally intended.
And it's a reasonable rate per acre relative to the overall transaction. Our commentary was really around that documentation not being in the file. We followed it up subsequent to the original reviews. And I'll just check with my delegation but I'm getting nods just to make sure that I've got all of the facts for you.

Madam Speaker: Thank you. Next speaker, Councillor Swandel.

Councillor Swandel: Thank you. I think where…you can see where this is going, sir, is that often these things are interpreted, or the way they're stated in the paper, it leaves certain impressions or characterizations and that's what is causing some of us some concern. I know when we met the other day I was able to ask you about the sale of the 266 Graham Avenue property and the person that looked into the report that came forward I asked if there was any information about the cost of the sale in that report and I was told no. Subsequently as you know at the EPC tabling of the document, I mentioned that the report actually showed $1.5 million of what's classified as the cost to the City for acquisition costs would be approximately $1.5 million which will be charged to the capital accounts identified in Appendix 3, which is in the financial impact statement in report for the sale. So, you know, I guess it was just an error that they were excluded but given that it was $1.5 million, you make the statement that there's over 800,000 paid in commissions; that was clarified that it wasn't $800,000 in commissions; it was $400,000 in commissions. The rest was for actually some third-party work that was done, I believe, that resulted in a $750,000 reduction in the cost of the property. Do you not think that it's incumbent upon you to make some commentary in the report about the value of that?

Mark Single: Our original findings would have identified the concerns around the processes and policies which we've identified here. The administration and PPD group had an opportunity to respond to those and identified those sorts of items as you described in terms of making light of them just to give balance perspective and that's why we did take the approach of giving management the opportunity to respond. So in that case that would be typically in a report like this where you'd get that sort of information.

Councillor Swandel: Given the fact that it was your understanding that one of the members of your party had actually reviewed this document and said that there was…the information was not in this document. Subsequently, I showed you the information is in this document. The value was clear to see and the error would be on your side, would you be willing to correct the report to reflect that the $1.5 million was included in the report as cost and the cost came in at actually less than $1.5 million?

Mark Single: Yeah, but then…so just…one of my delegation is pointing out that on page 47, management did respond and indicated that there was the price reduction of $750,000 so that is included.

Councillor Swandel: Just for the point of clarity, I'm talking about it in its totality. We were told that you did not consider this report or the information in report in your information. The Council seminar very specifically asked, did you look at the report and see what was included for the cost of closing the deal? I was told that there was no information in the report. This is the report. It shows that there is $1.5 million included in here. If you knew 1.5 million was included, if you had looked at this information, would that change what you're inferring in that recommendation?

Mark Single: I think that we can take that under consideration, Councillor and we've identified in our report that if there are new facts that are brought to light that we certainly would consider them. What…

Councillor Swandel: …examples I have to bring to you?.

Mark Single: What I would like to do though is just refer to our files and understand if we do have a copy of that in our files.

Councillor Swandel: Just the report?

Mark Single: Right.

Councillor Swandel: That you reviewed....

Madam Speaker: Any other speakers? Councillor Havixbeck.

Councillor Havixbeck: On page 145 of the report, you indicate that there was no confidentiality agreement signed by the broker. Can you comment on that? And whether who in our administration would have been responsible ultimately for ensuring such an agreement might have been signed and perhaps any commentary that was provided back to you?

Mark Single: The commentary on the lack of a confidentiality agreement, there wasn't an awareness of why that was not signed based on any of the interviews that we did and the follow-up we did on those particular transaction…on that particular agreement relative to any contract and what City policy is. It would be ultimately those contracts are to be reviewed by Legal Services and that's where that aspect would have been covered. And I believe Legal Services did review the contract subsequent to the fact and provided that as feedback.

Councillor Havixbeck: Okay.

Mark Single: Sorry, this was a different agreement for the Parkade, my apologies. So because there was no written agreement related to the transaction you're citing it wouldn't have gone through a process typical where that confidentiality agreement would have been required which through the legal process review.

Councillor Havixbeck: Thank you.

Madam Speaker: Second question?

Councillor Havixbeck: On page 151 and page 156, you have two chronologies, 151 refers to the Polo Park chronology; 156 to the Parcel 4. I mean I have numerous questions about both. I'm going to ask in both circumstances, the previous…the former CAO provided the EOIs earlier and I believe Councillor Vandal touched on this this morning. Is there anymore that you can tell us about who knew that the proponents were notified earlier about the EOIs and in particular did you go back to any members of Council and ask any members of Council whether they knew about that?

Mark Single: There was no awareness in…and this is included in the management comments around the early release of the EOI. There was acknowledgement of the site plans which are mentioned here because it is applicable under City policy to be able to request those in advance, so there certainly was awareness of that. Relative to specific discussion or questions of Councillors, we did not undertake those questions.

Councillor Havixbeck: Did you ask or did anyone in the process ask about Parcel 4 and the fact that Council was not provided the $10 million appraisal when we reviewed that report? Did you go back and ask whether any members of Council actually knew it outside of the formal publicized reports?

Mark Single: No, that question wasn't asked specifically. We talked about each of those transactions with all Councillors, specifically as part of going through the process, but that direct question was not asked.

Madam Speaker: Thank you. Mr. Mayor.

Mayor Katz: Thank you. Mark, E&Y I believe performed…I believe they performed an objective and independent review. Can you just clarify in your own words what "independent" actually means, please?

Mark Single: Independence by definition, if I had Webster here, I can cite the definition but you asked for my view, is about being objective and not compromised relative to the particular circumstance.

Mayor Katz: Independent from the City, obviously?

Mark Single: Correct.

Mayor Katz: Okay. Then can you share with us out of these 33 transactions, why all of them were not done by E&Y? Why four of them were done by the City Auditor?

Mark Single: On the four transactions conducted by the City Auditor, there were relationships with potential counter parties to those transactions. So to confirm and maintain independence or a lack of perceived independence, the City auditors performed the audit procedures on those transactions.

Madam Speaker: Anything further?

Mayor Katz: Madam Speaker, could you just say that in simple English so we understand exactly what that means?

Mark Single: Essentially, I'll try to bring it down. The City Auditor conducted the audit procedures on those transactions because the counterparties in those particular transactions to doing business with the City on those four transactions, whether it be a sale, a lease or otherwise, the counterparty. There were either audit relationships or other relationships where we had done work with those particular organizations and accordingly we did not want to have the perception that we weren't independent relative to this report, so the City Auditor conducted all procedures in those transactions.

Mayor Katz: Conflict of interest, whatever.

Mark Single: Correct.

Mayor Katz: So earlier you agreed when we said "independent" meant independent of the City, so do you call this independent of the City when the City Auditor is doing the audit?

Mark Single: Yes, I think that I can safely say that because I can cite numerous circumstances where internal or City Auditor groups would be a component of work we would do, but ultimately they took ownership of those particular transactions. And relative to the City in this report and Council, they took ownership of those and have the obligation of reporting to you as part of Council motion as we do on the transactions that we tested.

Madam Speaker: Thank you. Councillor Fielding.

Councillor Fielding: Just a question, I asked earlier on this morning the question…the question about, and I think Councillor Havixbeck brought up a bit about the assessment on…or the appraisals, rather, on the two properties, one about the Parcel at the forks and also the second on the Parkade. So you said you were going to get back to me. The question really was, did you ask the question of why these valuations weren't provided to Council? And what was the response?

Mark Single: What…so thank you for bringing that back with time to review. If you look to page 158 of the report, when we posed that as part of our status in working through the transactions, management responded relative to the issue around the various transaction appraisals that were in place and cited that the estimated value of the 7.7 which is from an internal appraisal was verbally presented to Council. So they remain silent on that particular question. I suggest that you could request… make your…pose your question to the City administration.

Madam Speaker: Councillor Swandel.

Councillor Swandel: Thank you, Madam Speaker. Just a follow-up, I heard some questions about the confidentiality agreement or whatever you call it when you're doing a transaction and where a confidentiality agreement is. I assume when you looked through this material you reviewed the request for qualifications for the provisions of commercial real estate services. It was one of the documents that was reviewed. Can you confirm that in that one of the qualifications is that the applicant enter any proposed subcontractor have a valid real estate broker's license and be registered by the Manitoba Securities Commission? Can you confirm that that was part of it?

Mark Single: Yep.

Councillor Swandel: Are you aware that one of the duties owed to a client under that standard would be confidentiality? Is that a yes?

Mark Single: Yes.

Councillor Swandel: Thank you.

Madam Speaker: Anything further Councillor Swandel? Any further speakers? Mr. Mayor?

Mayor Katz: Mark, I think that earlier one of the members of Council asked about the Pine Ridge Gravel and I believe that it was someone from your delegation came forward and said there was no appraisal. I'm pretty sure that's what…and I believe that they're still there. Are you aware of the fact that the Public Service relied on a business evaluation provided by E&Y? In addition to that, that in the end the sale price of the Pine Ridge Gravel far exceeded the value expectations, are you aware of those two situations?

Mark Single: Yes. And I think that it's highlighted in the report that the work done, it was specifically identified by the City Auditor on what that engagement entailed and it wasn't a formal valuation, a full narrative appraisal.

Mayor Katz: So would you agree that the City was doing their due diligence on that situation?

Mark Single: Again, I defer to the City Auditor's finding on that particular item which I think they have registered in this report.

Madam Speaker: Mr. Mayor, anything further?

Mayor Katz: Anymore? Yeah, oh yeah. 266 Graham is, obviously, one of the big scenarios and today I heard you acknowledge I believe that any proponent has the right to ask for a site plan, that's not uncommon. I think that you made that very clear. Although before, I think, you pointed that at as a flaw in the system but I think that you are

acknowledging today that it is normal practice that any proponent can ask for one and to your knowledge was anyone ever denied one?

Mark Single: To our knowledge, no.

Mayor Katz: Okay. You also made it very clear and this is on page 6 of the review, you talked about the exclusive buyer agency agreement with the real estate broker and it did not contemplate these types of services referring to redevelopment analysis. Do you recall that?

Mark Single: Correct.

Mayor Katz: Okay. Did anybody from your team read section 2 and 3 of the agreement that set out that the agent will assist in determining the costs of the conversion of the property and shall arrange due diligence on behalf of the City, which is in the exclusive buyer agency agreement?

Mark Single: That is included in the exclusive buyer agency agreement. Our commentary is related to the awarding of that contract under the RFQ which didn't contemplate those services.

Mayor Katz: But you're acknowledging that it is in black and white in the buyer's agency agreement?

Mark Single: It is.

Mayor Katz: Thank you.

Madam Speaker: Thank you, Councillor Swandel.

Councillor Swandel: Thank you, just a little follow-up on the gravel pit; talking about appraisals. There was a number of business cases that were put forward, not specific appraisals but business cases. In your work you would have reviewed those business cases that were put forward by the alternate service group at the time, Glacial Sand and Gravel and their recommendations each year and that any decision would have been made based on those business cases?

Mark Single: I'll refer to the City Auditor.

Auditor: I'm sorry, could you please repeat the question?

Councillor Swandel: Just that you reviewed the business cases were brought forward by Glacial Sand and Gravel when they suggested that we put the property out to market. You reviewed those?

Auditor: Of course, yes.

Councillor Swandel: In my understanding of appraisals is when you do an appraisal you look at anything that might affect value and in actuality you could do a comparative analysis to current use. Is that a fair statement?

Auditor: Yes, that would be fair.

Councillor Swandel: Given that the gravel pits represented a negative position at the time and this was a huge caste position, based on a business case analysis which is the process that we used, would it be fair to say that selling the gravel pit that the achieved value was a good business decision?

Auditor: Yes. And that wasn't a recommendation…

Councillor Swandel: That's all I needed. That was…

Auditor: Oh okay.

Councillor Swandel: Just wanted to make sure that everybody understood the context because context was greatly lacking in a lot of this stuff.

Auditor: Okay.

Madam Speaker: Any further questions? Councillor Browaty followed by Mr. Mayor.

Councillor Browaty: Thank you. The final disposition of the Polo Park Stadium site was delegated to Standing Policy Committee on Property and Development. The internal emails that you saw, could you figure out a timeframe or responsibility that waived the $842,000 dedication fee? The report seems to indicate that it was, I believe that, that was going to be included in the responsibility of the purchaser. At some point that was removed. Do you have any theories on how that got removed? There doesn't seem to be a proper response even from the Public Service on why that happened.

Mark Single: If you turn to page 151, we do outline the timelines of various steps to that transaction and I think that it's really…some of the emails between the preliminary CG report and the final, it's really in that window of where that discussion would have transpired. And, again, management has put their responses in as to how that was interpreted so with the original RFP process, the competitive process, based on the evidence we saw, that land dedication fee would have been covered by the developer. Subsequent to that through those various negotiations is when that changed and evolved. It wasn't specifically identified as part of, you know, a line item in a report to Council. Management's response is it was part of the certain other costs that would be implicit that would be included. Our comment is because there's some ambiguity around that and it's not clearly laid out. We propose that should have been reported clearly and stated specifically. So, again, the exact timeline I can confer with my delegation and see if we can get more specific dates but generally would be in the window of the timeline on page 151. Is that fair? Yeah we do have copies of those emails as well that we could provide specific dates.

Madam Speaker: Second question.

Councillor Browaty: So following the opening of all the bids, the highest bid was identified; there was an adjustment made, I understand, due to the City advertising the sale to include 1.8 acres of spate land that needed to be taken, if you will, for the widening of St. Matthews…no, not St. James Street. It was St. Matthews, I think…that additional 1.8 acreage. So the amount was…there was an adjustment made and compensation considered for that but there's nowhere that the Committee was made aware of this $842,000 not coming to the City for the land dedication that you're aware of?

Mark Single: Not specifically addressed and outlined in the administrative point.

Councillor Browaty: Okay. That's troubling.

Madam Speaker: Thank you. Mr. Mayor.

Mayor Katz: Anything else? Okay. Mark, let me make it very clear as far as the recommendations that I've seen, I have no problem with them and I will be moving a motion for Council to accept all of your recommendations. As I said to you during the Council seminar I was concerned on issues that I think were left hanging without closure and I thought that issues deserve to have closure. So going back to 266 Graham, I just want to make sure that from your point of view that…you know, we talked about the buyers agency agreement, and I know that you were…you had some concerns regarding moneys that were being paid and I think referred to as commission, etc., etc. Now are you accepting the fact that that there was due diligence done by the broker? And are you accepting the fact that there were many other consultants that were retained and that's what those moneys were for?

Mark Single: Yes.

Mayor Katz: Okay, thank you. I was expecting a much longer answer.

See I told you.

Thank you. Okay. Polo Park, I don't think that any member of Council would think it's appropriate for anybody to receive an EOI ahead of anybody else, whether it's one day or two day or three days, that's wrong. My understanding is that when the EOI did go out that everybody had it for approximately two months to deal with and then they put in their bids. Can you tell us and I have asked you this once before so now you have had a week to look at this, can you actually share with Council what the bids were and, obviously, what the winning bid was compared to the others, would you be so kind as to do that?

Mark Single: We have been very cautious in our report around identifying proponents or even values because through consultation with the PPD group, compromising the competitive nature of these transactions, I can certainly share that information if you feel that it's appropriate, I can in the public domain.

Mayor Katz: If you don't share them I will so you have your choice.

Mark Single: Okay. My very cautious delegation suggest that I take you up on your offer to share the numbers.

Mayor Katz: My pleasure. Kids from the North End aren't afraid, okay? So here's the scenario, one of the offers was for $32.5 million. And another one was for…

Councillor Orlikow: Point of order.

Madam Speaker: Yes?

Councillor Orlikow: Are we just asking questions, not answering our own question?

Mayor Katz: I've asked, they've asked me to answer.

Councillor Orlikow: But, again is that the proper process?

Madam Speaker: Perhaps the Mayor has a question after he states the facts.

Mayor Katz: I'll rephrase it. I'll rephrase it. I'll do it John Orlikow style. Are you aware, Mark, that offers came in and we have four bids, one for $30.25, one for $24 million, one for $13 million and one for a dollar; and the $24 million one basically was for high-rise apartments which could not be done because it's on the path for the flight path for the airport. So are you aware of that and would you say that the City got…made the right decision?

Mark Single: I am aware of those other bids at those levels.

Madam Speaker: Would you like to answer the second part of the question?

Mark Single: Our commentary around this process around a good deal or not, if you look at the competitive process and those outcomes…you know, price is one component of an RFQ process. There's other criteria in the scoring for that particular project was on prices as well as other things. The proponent that did win the contract did score highest I believe in three out of the four criteria. So we absolutely would say with that information now public that, yes, you accepted the highest bid. Our…the highest bid, the best bid based on your RFQ ranking on three of four, yes. Our comment relative to this was, again, around process and policy, what information was in the file in terms of some of these adjustments as well as the $800,000 fee, not so much about even if you take that into account that the amount is still higher than the other proponents but given that happened subsequent to accepting the winning bid did you end up with $800,000 less than you could have?

Mayor Katz: Thank you.

Madam Speaker: Thank you. Councillor Fielding followed by Councillor Havixbeck.

Councillor Fielding: I do have a question but my question though is…I do have a couple questions for administration. I'm just wondering is this the appropriate time to ask them or what is the means to do this? That's maybe a point of privilege more than anything else.

Councillor Gerbasi: The speaker.

Councillor Fielding: Speaker.

Madam Speaker: Pardon me, sorry.

Councillor Fielding: The question that I have, I do have some questions, a follow-up question that I had to Mark in regards to why Council wasn't made aware of both assessments, the one for the Parcel at the Forks as well as the Market Square and the follow-up question that Councillor Browaty had in terms of the land dedication piece. I do have a question to our administration on it so I'm wondering on a process basis. Can I ask that question now? Does this need to happen later…

Madam Speaker: Questions for our administration?

Councillor Fielding: Yes.

Madam Speaker: I think we were going to deal with that after we closed with the delegations.

Councillor Fielding: Okay.

Madam Speaker: Okay. Councillor Havixbeck?

Councillor Havixbeck: Yes thank you, Madam Speaker. I'd like to go back to the Polo Park stadium issue and the issue of the release of that EOI. And its release was April 11, 2011, and the public EOI was April 14th, 2011, with a close of July 8th. And I'd like to ask in your professional opinion should it matter that a company got a competitive advantage, did the company get a competitive advantage even at three days in a four-month process? What if this were a one week process and they had three days of an advantage, it would be more material in this case because you would have time to assemble a team, etc., can you confirm that, please?

Mark Single: I can confirm that point. I think that relative to the materiality of it, obviously, the number of days in advance relative to the remaining time is the most critical component of whether it's material or not. Our biggest concern, and this is in the findings of our report, is just around the process and the breach of protocol around releasing the EOI. The materiality of it is a…it's a different question, which I believe that I've addressed.

Madam Speaker: Second question.

Councillor Havixbeck: And have you seen that in other organizations where that's occurred?

Mark Single: I have had experiences where that has happened.

Councillor Havixbeck: And what have the consequences been for that?

Mark Single: Yeah it really depends on how substantial the breach is.

Madam Speaker: Thank you. Councillor Wyatt.

Councillor Wyatt: I want to pick up on where I think that Councillor Browaty might have left off on the issue coming back to Polo Park and the issue of the $842,000 and the land dedication. On page 153, which is after the chronology which you referred to, it states that the final ACG issued by the City on July 10, 2010, did not include the requirement of a 10% dedication fee and lot fees, according to $842,000. Who issued that? Which department or who was that signed off by?

Mark Single: Did you hear the question? We'll check the working papers on who specifically signed that off.

Councillor Wyatt: Alright and I guess more, are you aware…you go on to say based on the file documentation it was not clear on whether the City or the developer would be responsible for the cash dedication and lot fees. Are you aware that out of all of the development standards that we have or don't have that land dedication is one of those standards that we actually stick by, other than when it comes to affordable housing for seniors or not-for-profit groups or things like Habitat for Humanity and that's why, you know, I'm making a guess that's maybe one of the reasons why the documentation wasn't there, are you aware of that?

Mark Single: We are aware of that and our commentary is that in any of the other transactions where it would have been relevant that there was always cash dedication fee paid and we did inquire of the PPD group, whether they could recall any other circumstances where this wouldn't have happened, where it would have been applicable and this would have been the only one.

Councillor Wyatt: Then you go on to say that the administrative report presented to the Standing Policy Committee on Property and Development states the City would be responsible for conducting all survey plans which, of course, the Public Service later I think is the argument -- I could be wrong -- saying why this was potentially waived, but it goes on to say that there was no specific mention of the cash dedication fee in that report to the Standing Committee. So there was…I want to make it clear, was there any political direction to waive the land dedication fee that you were able to find in terms of this transaction?

Mark Single: We, we saw no evidence of political direction to weigh this.

Madam Speaker: Thank you, any further speakers? Okay, Mr. Mayor.

Mayor Katz: I'm moving forward now. And you made some comments which I have some concerns about some initiatives that Council is moving forward with and I'll give you an example of one and maybe you can give us some

feedback. This morning at EPC and you're probably not aware of this, we're moving forward with what many members of Council believe to be a great plan for Parcel 4. We're still using with our partners the other levels of government in the Forks, the valuation of $6 million. In your opinion should that be the number that we should be using or should we be using another number?

Mark Single: Given the time that has passed since any of the appraisals performed, which we sought as part of our audit evidence, I don't know enough to understand the basis for the $6 million. I would say that it really comes down to what is the basis to support the $6 million value? In my opinion I can't really respond to your question without understanding the basis for it.

Mayor Katz: Another I think it's actually one of your recommendations, which makes sense, is that when we're doing transactions when it comes to property, appraisals, should automatically be done regardless. I'm wondering if in your opinion and, you know, quite often we're dealing government-to-government as we have in some of the transactions we talked about, but just recently we dealt government-to-government on the expansion of the Winnipeg Convention Centre taking, there was some provincially owned land and they gave us their value, we accepted it. Should we have done an appraisal on that land or accepted what the provincial government number was?

Mark Single: Well, I think that two aspects of your question or firstly your comment, I think when we've proposed establishing appraisal guidelines, we've said that those should be determined on what makes sense and magnitude and threshold should come into play. How much outside competition is involved in the transactions may also dictate whether you get a full narrative appraisal, whether it's internal or whether it's external, whether it's independent. So I think that in the case of what you're proposing, you know, there would be typically with your government-to-government reliance on one appraisal. I think that depending on the magnitude of that transaction you might want to consider as part of establishing your guidelines for what appraisals to use and when. You may have a threshold where you would get a secondary appraisal, just given, you know, the responsibility from a governance perspective to the public.

Madam Speaker: Thank you, anything further, Mr. Mayor? Okay. Any other speakers? Okay. Seeing none, I'll ask you to stand down, thank you for your time today. Pardon me? You're squeezing yourself in there, Councillor Wyatt? Yeah?

Councillor Wyatt: In terms of the evaluation that was done, could you give us, you know, you mentioned in the report the evaluation in terms of the Winnipeg Square Parkade. The $20 million overvaluation versus what it was sold at. Are you aware, I mean, in terms of the evaluation process, the evaluation is not seen as an appraisal or do you equate an evaluation equal that to as an appraisal in terms of…because the commentary you make and the reason that I'm asking the question, the commentary you make is that you're implying that there's an evaluation that is much higher yet we only sold it for this but from talking, you know, there's experts who say that evaluations are evaluations, right? And appraisal is an appraisal though. Like, you know, can you elaborate a bit on that?

Mark Single: Yeah, and it's a very good question and I think we have tried to highlight that as part of our recommendations, when you set the guidelines and I did in addressing Mayor Katz' question, sort of talk about the different types of appraisals that you might have and whether they're internal versus external. The valuation information, again, is another source of determining value. And our commentary was…it was a data point that was information that was out there that should have been considered relative to, you know, the assumptions and the cap rates and various other things in those valuations. There's a question, you know, and management would say that those cap rates weren't appropriate or the price escalations that drove the valuations weren't appropriate. Our comment is, it's information that's out there that should have been made available as part of the decision making process, that's our point. But you did ask a specific question, there is a difference between valuations and full narrative appraisals.

Madam Speaker: Thank you.

Councillor Wyatt: So in other words…and what is that difference, can you maybe elaborate on it? I mean, because this is a real estate audit and in terms of that, you know, it's quite a difference. So I think that it's an important point to speak to in terms of what that difference is and in terms of evaluation versus an appraisal or, you know, what we actually received.

Mark Single: Right and I think that it would come down to what standards are used to prepare those various valuations and what the criteria are, so, for example, for an appraisal at a full narrative versus short form, it provides more assurance. Relative to the valuation approach there are a lot of attributes that are the same but you have business valuators who are preparing those value amounts for given purposes. You know to potentially support business transactions, etc. impairment assessments.

Madam Speaker: Thank you. Okay. Any further speakers? Mr. Mayor, final speaker.

Mayor Katz: Just to follow up on that evaluation, what I think that you're saying, if there is an evaluation and it's based on inaccurate information such as didn't know about the deferred maintenance or had the wrong cap, it's okay to dismiss it but if you're going to dismiss it you should give the reasons why you dismissed it?

Mark Single: Exactly, now you're talking my language.

Mayor Katz: Thank you.

Mark Single: Thank you.

Madam Speaker: Thank you for appearing today.

Mark Single: Thank you all.

Madam Speaker: Councillor Wyatt? Okay.

Mark Single: Do you guys plan this?

Councillor Wyatt: I want to speak just in terms of Parcel 4, it was raised earlier the $10 million appraisal which came at a later date, and you generally speak I think that it was on page 154, well it's an appraisal because according to this it's an appraisal.

Mark Single: Transaction? Sorry, go ahead…

Councillor Wyatt: That's alright. It's okay. It's been a long day. Not over yet. The appraisal on the land it conducted on by the third party appraiser estimated the value at $10 million and this appraisal was ordered by the City. In terms of this appraisal, where did it come from in the City?

Mark Single: Let me just check with my delegation to take care of that. We'll need to just validate, I don't want to misspeak, we'll validate where the request came from, we have a copy of the appraisal but just want to be sure we understand who requested it.

Councillor Wyatt: Right, so it would have been…there would have been a request for the appraisal from the City of Winnipeg just to be clear. That's the case.

Mark Single: Correct.

Councillor Wyatt: And in terms of that, the explanation, could you elaborate on the city management response in terms of why that was not provided? I know that was asked before but I'm asking it again just because of the fact that was quite the issue of the day when this came up to us before Council. It was very controversial I think it's fair to say, and in terms of the debate around the issue of a hotel and water park and so on and so forth at that location. And, you know, we were reassured over and over again in briefings in both the report and in briefings given to Council that this was the value of the land 5.9.

Mark Single: Right okay.

Councillor Wyatt: I guess how is it that that was not placed in a report to members of this Council?

Mark Single: Anything we were aware of is included in our report. Right.

Councillor Wyatt: There was no specifics on the $10 million in the report even though there was an appraisal generated prior to the report given to Council, is that correct?

Mark Single: Correct.

Councillor Wyatt: Was that recorded?

Madam Speaker: Councillor Swandel.

Councillor Swandel: Can you just point me to where in this book that its is that there's a $10 million appraisal? I am hearing that, you know, referring to a $10 million appraisal yet we don't know who made the $10 million appraisal or where it was. I'm…can you just…

Mark Single: Page 156 in the timeline, point 9. Page 157 as well under appraisals.

Councillor Swandel: I don't see it in 157. Well, it says valued the lands. The appraisal conducted by...ss of December 15, 2009. Okay. Thank you.

Mark Single: Okay and my delegation has provided me a copy of the appraisal dated December 17th, 2009, to Mr. Lauren Michaluk at the City of Winnipeg, PPD. Hoffer Wilkinson & Associates.

Madam Speaker: Any further questions for the delegation today? Councillor Wyatt.

Councillor Wyatt: In terms of the Gertrude property, and I guess that this is where some of the concerns arise in terms of you went through files and there were…you found documentation related to this; you're reporting back on it but at the same time the City had, at the same time, a challenge in terms of building the second…the first phase of bus rapid transit and this was directly related to that. Was there any documentation to that effect in terms of the time constraints and the issues being faced by the Public Service in terms of land assembly and the challenge that the Public Service was dealing with at that time in terms of the Gertrude property?

Mark Single: Your specific question would be, was there documentation either in the City real estate file particular to this transaction or in the admin report related to it?

Councillor Wyatt: Both.

Mark Single: Yeah, I mean, we can certainly review both of those but we're not aware of anything specifically identified related to that time constraint.

Councillor Wyatt: Okay. And then was there a exclusive broker used in terms of the resale of the property?

Mark Single: Yes, there was an external broker.

Councillor Wyatt: An external broker. Okay, who was that?

Mark Single: Similar to my commentary we haven't provided names of proponents.

(indiscernible)

Councillor Wyatt: I don't know who that is.

Mark Single: As I've heard it on the floor I can confirm that is who it was. Thank you. You guys are good.

Madam Speaker: Thank you. Councillor Swandel.

Councillor Swandel: Just the appraisal that came forward in 2012 on the Parcel 4 lands was based on the underlying contingent and limiting conditions of valuing the lands. The appraisal was done on 2010, was it just the highest and best use appraisal, without any limiting conditions?

Mark Single: The one for $10 million, yes.

Councillor Swandel: Yeah, so there's not a direct comparison between the two appraisals; you're not suggesting that. One is just an open…if you had four acres in the middle of downtown and then the second one is specific to this use at that location with these limiting criteria, this is the appraised value?

Mark Single: That's correct

Councillor Swandel: Thank you.

Mark Single: And we have identified that. Our commentary around that though is that if the limited use is the decision going forward that has a given value attached. The highest and best use gives you information relative to what other options you might use that property for.

Councillor Swandel: I just, you know, one of the biggest problems I'm seeing here is context and the more context seems to comes out as we talk about this, the better for us to understand so. And that's my concern is that we are not comparing apples to apples and people are throwing numbers out there but absolutely there's no context. Would you not agree that it's incumbent on anybody doing an audit or a management review to create the context before using the information?

Mark Single: I'll answer that in a couple fronts. Specifically on this issue, the context of that appraisal was included in our report. We also did starting as early as August of 2013, provide specific detailed findings and give management an opportunity to provide that context if there's anything that we were missing. And put that information into our report as well.

Councillor Swandel: Just a final question, it appears to be that there's a lot done with this document, I'll call it a rev-audit because I don't know if it's a review or an audit myself and there's a lot of subjective material in here. I think it stretches what my understanding of what an audit is. So I'll call it a rev-audit because there are some audit components in it. But it's just this context piece, it's like it seems to me that all the questions that should have been asked of the administration as you went through the process prior to writing your recommendations or writing your analysis is, there's a bit of a disconnect there. We end up with…what is troubling me is that if I just look at the management responses, a lot of the stuff that is…that people are picking up that's in some inferred thing that you can call scathing or which is not what it does when you put it in all of its context. I'm just trying to get you guys to throw that out there because there's this public perception out there that all of this stuff was done and the management and administration, organization in no way revolved…involved, but you go to great lengths to not have them respond, it would appear, anyway, until after you make your conclusions and just how do you rationalize that?

Mark Single: Well I think I'd like to respond to it in two fronts. As I've said in my opening very early this morning, we did conduct an audit in accordance with an appropriate audit framework so to just go on the record. Relative to the contextual, you know, contextual comments you're raising, as I said, starting as early as August of last year we went through with management as we developed the findings and identified what was going to go into the report, including the final form of the report being available as of May 5th. And if there were any misunderstanding or facts to add as they provided comments there were certain circumstances where we did change the body of our report, not just add management comments. So I think that we've provided opportunity to address that issue.

Councillor Fielding: Just back to this Parcel four, do you not think from a process basis that a decision maker who were making decisions on millions of dollars of issues that we should clearly have the information about a $10 million appraisal on a piece of property?

Mark Single: Yes.

Councillor Fielding: This was provided in the report, that's fine. We'll make a decision one way or the other in terms of it; we're not going to put anything there. But just to not have the information, do you think that follows proper standard procedures and protocols in terms of what the City should and shouldn't do for elected officials when they're making decisions?

Mark Single: We've put it in our report accordingly because it does specifically around transparency and communication with decision makers because that's what we felt on that transaction was important information that should have been brought forward. So we concur that would be appropriate under policy and that didn't happen.

Madam Speaker: Councillor Wyatt.

Councillor Wyatt: Thank you. When I asked the question about Parcel 4 and the $10 million appraisal that was not supplied to us and you gave us the individual who's fairly deep into the department in terms of requesting the appraisal. Do you have from your, you know, your email and file search, a documented or confirmed who else was aware of this $10 million appraisal in terms of the Public Service?

Mark Single: We can look to the details of our file search. I don't have that with me right here.

Councillor Wyatt: Will you be able to supply to us the positions since we're not speaking in names but the positions of the individuals in the Public Service who were aware of the appraisal prior to the report coming to Council?

Mark Single: Yes, we can provide that based on whatever information we have access to in our working paper files. What my delegation has informed me is that in following up on that question, no one in the administration had awareness of the $10 million, that was the response that we received.

Councillor Swandel: No one was aware of the appraisal?

Councillor Wyatt: That's alright.

Mark Single: Okay, my apologies, I misheard…

Councillor Wyatt: Not a problem. We're throwing questions at you one after the other. So don't…it's human error.

Mark Single: Yeah when the $10 million was included in our report there wasn't anyone disputing awareness of it is what I understand. So my apologies on taking this a different path.

Councillor Wyatt: Right, yeah, because you mentioned somebody was aware and gave a name in that case so there would be a…it was circulated beyond one individual I guess is my question. And there's others who…and we could get a list of those positions?

Mark Single: Yep.

Councillor Wyatt: Okay. To the Winnipeg Parkade, it's saying that…who…in terms of the Winnipeg Parkade that was a square parkade that was sold. It was actually considered part of the Winnipeg Parking Authority's inventory. Who was in charge of this file from your perspective in terms of the sale of that property from the Public Services point of view? Who was the lead?

Mark Single: Yeah, we'll find the specific…are you looking for a particular position within the PPD group?

Councillor Wyatt: Or the City.

Mark Single: Within the City. Yeah, we can validate that as to within the file who ultimately drove that transaction.

Councillor Wyatt: And you can also confirm…

Councillor Gerbasi: Point of order, Madam Speaker. I am a little concerned when we start talking about specific employees and specific HR issues, I don't know if we're straying into that realm but just on a cautionary note we don't discuss specific HR issues of the public and I'm just checking if there's…I'd like an opinion as to whether for legal reasons or other we might be putting ourselves at risk and I just think that a question I'd like to ask, please, not somebody who could answer that. I don't know if that's the Clerk or the Speaker or who.

Madam Speaker: Yeah I think, Councillor Wyatt is well aware of the rules and we will not be going down that path.

Councillor Gerbasi: Well, I'm not sure that we aren't already and I want to be sure that we are not and I'd like someone to confirm that other than Councillor Wyatt himself.

Councillor Swandel: I'll confirm it.

Councillor Gerbasi: Yeah, again. I just -- I think that it's a pretty clear question.

Madam Speaker: Mr. Clerk could you read that section of the Procedure By-law? Thank you.

Clerk: We're primarily dealing with Section 9, disrespect and in indulging in any form of disrespect of a member of Council. We're not really here to discuss performance issues or HR issues and I'm not entirely certain that Councillor Wyatt is talking about HR issues either. So I mean, while you can caution him, I don't know that his questioning was completely out of order.

Madam Speaker: Okay.

Councillor Wyatt: With alldo respect to Councillor Gerbasi, who is a senior member of Council. You know, the questioning that I was…the reason that I'm asking question is because the Parking Authority refers to a certain member of the the Public Service through our organizational structure and I would like to know in terms of the sale of the

Parkade, was that same authority the one who was handling the sale or was it another entity within the City? And that's what I want to ascertain and maybe I should have just asked that but anyway... Now that Councillor Gerbasi has spoken she has reminded me of another question that has to do with the Parker lands

Madam Speaker: Councillor Wyatt. I just want to ask if there is any other speakers because you've had your three questions. Are there any other speakers at this point? You may continue.

Councillor Wyatt: Your document speaks to the Parker land matter and the land exchange that took place between the Parker lands and a section of lands on Fort Rouge yards. And could you explain to us what your contention is in terms of serviced or unserviced lands. I guess this is because that's the heart of the issue and your definition of that, in terms of that? Because I mean that was a contentious issue at the time as well and the Public Service was very…they had a strong position. They felt they were of equal or equivalent value and they spoke to that specifically both in Committee and going forward and in the report and you've raised this and so I just want you to speak to it if you could.

Mark Single: Sure. I think that relative to the relative size or acreage of the different properties and the different servicing on those, our key point was around in both cases using limited brief appraisals for the valuation to confirm the million dollars agreed upon for the transaction, that's really our core point. Relative to service versus unserviced, I think that those types of issues and the type of service frankly or the ability to service would have come out in a more fulsome appraisal. A full narrative appraisal had been done there would have been more consideration of those particular attributes of the respective properties. So I think that's how we've addressed it in our findings is more so not around…we don't have a contingent of how one property was serviced versus not because, again, this is about reviews of processes and policies and was an appropriate appraisal process undertaken to assess the nuances and differences between the particular properties to support that they were of equal value.

Councillor Wyatt: Was there anything that you found in the files or based on your research or investigation that indicated that there was any contemplation at any point by anyone to have any kind of infrastructure earmarked for the Parker lands, whether it be roadway or bus way or what have you, prior to the transaction taking place and, secondly, was that information shared with Council?

Mark Single: I can answer the second part of the question. I don't believe that any information in that regard was shared with Council. Yeah, and I guess the report does, in managements response, identify that there wasn't an awareness that any of those amounts would be used for future rapid transit requirements.

Councillor Wyatt: I didn't mention rapid transit, you did. So can I ask another question? I think that I have asked three already so I don't know if somebody else wants to ask a question. I just want to respect the process.

Madam Speaker: I don't see anyone's hand up at this point.

Councillor Wyatt: Alright, so in terms of that, so I just want to confirm, so there was…from what you were able to see in terms of all of the reports that came forward to Council or Committee that there was no documentation whatsoever in terms of a…whether it be a rapid transit line or a roadway or any kind of planned infrastructure for the said Parker lands?

Mark Single: Yeah, we can validate within our working paper files to understand if there's anything that would be interpreted or viewed that way. Based on the management response and our understanding at the time of the transfer that wasn't contemplated and that information was not present but we'll validate that.

Councillor Wyatt: Sorry. We can take a five-minute break, Madam.

Madam Speaker: Councillor Wyatt, would you like to wrap up your question?

Councillor Wyatt: Okay, I have another question then if nobody has a question. Could you speak to the exclusive, what is it the exclusive broker agreement and in your report you document…you use a 95% number in terms of the actual value of the set transit…both during the life span since 2008 when the exclusive broker agreement was enacted in terms of what transactions can be transpired with the different proponents, I think that there were five.

Mark Single: Correct.

Councillor Wyatt: And what percentages, you identified them as proponent one and proponent two and so and so forth. Is there an actual breakdown because...or was it just to, you know, in terms of what was paid by the City to whom and what percentages?

Mark Single: Yes, there's an actual breakdown of the amounts that were paid out for specific transactions to specific proponents.

Councillor Wyatt: What were those amounts?

Mark Single: The total amount was a 1,246,648. And I don't have my calculator with me, but the requisite amount relative to the percentage that's in our report, whatever that percentage equates to is paid to proponent 1. I don't know were any flow through amounts included in that? The 179. That may exclude the amounts paid directly to subcontractors, which was $179,000.

Madam Speaker: Okay, thank you, next speaker, Councillor Mayes.

Councillor Mayes: Getting my third wind here, Madam Speaker, after that marathon by Councillor Wyatt. Two things, both on St. Vital transactions and I want to thank you for clarifying a question I had at the council seminar which pertained to the one item we heard reference to Mr. Ruta being the Acting CAO and that was the Bishop Grandin item that's mentioned here. There's to my mind there's to my mind here a…and Councillor Havixbeck spotted this as well, there's a nonexistent intersection. It's the subject of the audit, the south east corner of Bishop Grandin where it meets the St. Vital Centre, it doesn't exist but since we've got somebody here who is Acting CAO, can you just clarify the mistake made there and what was the issue with that transaction? It was a lease transaction. And then I have one follow-up question to that.

Mark Single: So the clarification was just on the title of the transaction and the starting point for how it ended up in our report is in the original transaction listing of transactions subject to the audit that was provided with the RFP. That south west coordinate was included at the time of drafting the report somewhere along the way south west of became added into the title. Essentially what it is, it's a lease for a piece of property that runs parallel to Bishop Grandin, on the south side of Bishop Grandin, between St. Mary's and Dakota for clarity. Thank you for your diligence on picking up that direction.

Councillor Mayes: Thank you. The other item...I think to be fair to Mr. Ruta I wanted to raise that because it's a pretty minor point and I think that is the one spot where his name came up here. The other matter I wanted to talk to you about was on page 69 and here's where a lot of us are getting chastised for our role and the transaction is from January 2007 before about two-thirds of this Council was elected to their current positions. Page 69, January 2007, this piece of land at St. Mary's and Avalon which is in the St. Vital ward sold for 40% higher than the appraised value. And the issue seems to bet…there was nothing on the file to explain the difference in appraised value and selling price. Wouldn't that just be conjecture? What should there have been, it's a good news story, in a way, we got 40% more than we thought that the land was worth so I don't see this as a huge problem but what in your view should there have been on the file?

Mark Single: And I'll be able to answer that question, Councillor, similar to one posed earlier, our commentary around processes and policies as it relates to appraisals, once your six months past a given time period you'd want to understand why there is any change or could there any be change between appraised value and actual value. Ultimately in this case where there's a 40% higher appraised value; you're right it's a great news story. So really all we've talked and I believe it's laid out in our report is documentation around how that difference arose and that ultimately is covered and included in the transaction file.

Madam Speaker: Thank you. Councillor Pagtakhan.

Councillor Pagtakhan: Yes, I just wanted to ask…I just want to get a better understanding of one of your recommendations that talks about oversight and accountability, it's recommendation number 4. And you talk about how the City ought to have more engagement with materials management on significant real estate transactions. What was your observation with regards to that in prompting that recommendation? And, specifically, which transactions, if any, did you notice could have been improved on, on your recommendation?

Mark Single: Again, just to not sort of miss particular transactions, I think that in…I mean, overall the requirement to have Materials Management involved or not from a legislative perspective is not currently in place on certain real estate transactions. So I think our general finding is, again, given magnitude of transactions and given the nature of transactions in terms of how competitive the process is versus sole source you'd want to think about how to engage Materials Management more effectively and more regularly. That's really what drove our finding. That in a lot of cases, Materials Management wouldn't have been involved and those policies and processes could add.

Councillor Pagtakhan: Okay yeah, because you alluded to that in recommendation 4 and also in recommendation 11. They seem like the same recommendations to me but I'm getting different answers from management. If we have an

opportunity to ask management I will ask them on that, but it seems like two of the same recommendations or are they different?

Mark Single: I think that because of the specific lease transactions undertaken that was highlighted separately but the principle of both of those really is around having a comprehensive procurement process. This is about having a process when you have particularly large transactions and going to market. That's what's driving recommendation 11. The earlier recommendation really is around involving Materials Management in the procurement process on a regular basis from a process and policy perspective. So there is a distinction.

Councillor Pagtakhan: Okay and then so you're saying in recommendation 4, first one, on the Materials and Management, just whether or not…you're saying that management should have a conversation with Materials Management whether it's single source, sole source that kind of stuff for the front end?

Mark Single: Correct, or have them involved to run the particular transaction…the procurement processes according to their policies and procedures.

Madam Speaker: Thank you. Councillor Swandel.

Councillor Swandel: Thank you, Madam Speaker. In your considerations when you are talking about appraisals, was there any work done on the understanding or is there an understanding amongst the group of what special purchaser might represent or the term "special location" might represent in the appraisal or valuing a process?

Mark Single: Can you repeat the question, Councillor? You're asking in specific to a particular appraisal or?

Councillor Swandel: I'm asking you in general, if you understand the concepts of "special purchaser" and "special location" when we're looking at transactions.

Mark Single: Yes, and I think, you know, an example that you cited on a special purpose appraisal versus a highest and best use, there is a difference in those appraisals. So absolutely understand that.

Councillor Swandel: But yet you don't feel that it's important to say that, in the document that, you know, some of these differences. Just for example, the one just mentioned I believe by Councillor Wyatt where there was a difference between 1.13 and 1.76, it could be because of a special…like someone owns the adjacent property and there's a different value to them than there is in an appraisal but yet we don't go into that detail.

Mark Single: Right and, again, because this is a review, policies and procedures, our recommendation is to document in the file, for example, if there were a reason for, you know, whether it be special location or special purpose, that that difference is arising, that's our point.

Madam Speaker: Councillor Wyatt. Councillor Swandel, third question?

Councillor Swandel: My final question, recommendation 1 I believe is around the idea of guidelines for when we have realtors for us. Given that we're not using outside advisors, does that not make recommendation 1 now moot?

Mark Single: Recommendation 1 really relates to an overall real estate transaction management framework. It's around directives and policies. Some of the examples we've proposed that should be considered here is setting those appraisal guidelines. When would they be applicable? When would you use a full narrative...different recommendations…

Councillor Swandel: Recommendation 5, sorry.

Mark Single: Okay.

Councillor Swandel: I did that this morning too. Recommendation 5, which was guidelines on the retention of the external real estate brokers. We don't have that anymore. So do we need the recommendation or should it be if we were to utilize?

Mark Single: I think if you're utilizing outside party this would, because it's based on the results of our findings. We have identified that and said in a number of cases that when there was engagement, there wasn't documentation as to why versus going external to internal. At this juncture, you're not using that but that doesn't mean that might change in the future. That's why we raised it.

Councillor Swandel: That's why we got all of that vacant space out there.

Madam Speaker: Councillor Wyatt.

Councillor Wyatt: Yes, in your report regarding the Transcona joint venture, you cite that there was no appraisal done when the joint venture was at the beginning but there was matching lands provided. You indicate on one hand in the report that some of the land was serviceable, more serviceable and that was the City land. I guess that my question is are you aware question that also documented in the reports to Council at that time there was actually other city lands, even greater amounts of city lands, that were not serviceable because of the fact that the joint venture…a private firm had to develop their lands first and foremost for the City land to become serviceable? Because that was not reported as well I guess is…I just want to know if you're…you were aware of that or saw that?

Mark Single: Yeah, I can't…I can't recall. I think that if that were relevant we would have had management add that information as well. I don't think that was raised on their side. Our finding or our recommendation on that particular transaction really was around not so much, you know, it was appraisals around the value contributed and were equal amounts conferred but also what was documentation of other options at the time beyond a joint venture and that's those were our two statements? So I think this is…we can validate that and just understand…I mean, the relevance of that to our findings around looking at alternative uses of that land versus the joint venture, I guess, you know, is one consideration that we didn't see documented for sure.

Councillor Wyatt: Yeah fair enough and I would agree with you in terms of management response. Is it normally the practice for sales, leases, transactions for the City's Manager of Real Estate, to be the one who is signing off typically on those transactions? Or somebody underneath him signing off as authority is granted, is that normally the practice in the City of Winnipeg?

Mark Single: You're asking about the City of Winnipeg or you're asking about in general practice?

Councillor Wyatt: I'm just saying in our city.

Mark Single: I'll validate but I think that it typically would be the Manager of PPD. Yeah, I mean, I think wherever the delegated authority would reside, right, but I believe that to be the case. We can confirm.

Councillor Wyatt: You can confirm for us as well how many transactions were, in terms of what you looked at and investigated, were not signed off by the proper authority, the Manager of Real Estate in this case.

Mark Single: Yeah, we'll find out. Yep.

Madam Speaker: Any further questions? I think that we've had…Councillor Havixbeck.

Councillor Havixbeck: We've heard a number of times we'll find out and as there's numerous questions that we were awaiting answers for, when will we get those answers? Is it outside of this meeting? What will the process be?

Madam Speaker: I guess that will mean more work right? Linked to your contract? Would you like to answer that?

Mark Single: We can…it will be outside of this meeting because we need to go back to our detailed working paper files to gather some of the responses as requested. In terms of logistics, I defer to what works best. We could respond, we could come back to present, we could complete an email to…

Madam Speaker: You can be if touch with the Clerk.

Mark Single: Email the Clerk?

Madam Speaker: Councillor Wyatt, you done with your questions now? Okay. Okay. Then we'll have one more speaker and I think that we'll wrap this up.

Councillor Wyatt: Maybe this is a question more for the City Auditor. This morning we heard that there were outstanding reports that you had submitted into the RIS system pertaining to another audit that's coming forward that we're considering shortly but we haven't seen those reports that we requested. Are there any outstanding reports that you have submitted into the RIS system pertaining to this file that we're not aware of at this point?

City Auditor: This file? No.

Councillor Wyatt: Okay and that was submitted and at this point typically…you report directly to council, is that not correct?

City Auditor: Yes.

Councillor Wyatt: based on the City's organizational chart?

City Auditor: Yes, right. Correct.

Councillor Wyatt: Okay. All right. I'd ask you questions on the other matter but it's not pertinent to this and I'd be ruled out of order. But anyway.

Madam Speaker: Thank you, Councillor Mayes.

Councillor Mayes: My question pertains to that matter just raised by Councillor Wyatt while we have the auditor here, which is…there was no motion this morning requiring follow-up on those RIS reports. My understanding was though is that we were to get a report back, we were to get an explanation of what happened to these RIS reports and why we didn't get them, is that your understanding that you didn't need a motion to direct you or did you have a contrary understanding?

City Auditor: No I wasn't aware of the motion or the direction.

Madam Speaker: That's a separate matter. Yeah. Okay. Any further questions? Okay, last speaker, Mr. Mayor.

Mayor Katz: Two short snappers...Brian it's not for you. It's for Mark.

City Auditor: Okay.

Mayor Katz: The Parker lands, you won't need your files. Can you enlighten everyone here as to how that whole Parker land scenario got initiated, like how it evolved, how that became to a reality? Is that something that you could share with us?

Mark Single: Yes, I can. The starting point to the transaction related to assessment of obtaining properties for the rapid transit corridor and assessing what was required in terms of how much of that property relative to that undertaking.

Mayor Katz: And did that come from Council or did it come from elsewhere?

Mark Single: You said I wouldn't need my files.

Mayor Katz: Thought you had a good memory. I know what it is. I'm not going correct him all the time. Just for…it was the transit garage we think is what you meant.

Mark Single: Correct. Correct. So you're saying who initiated…

Mayor Katz: Well I'm just wondering, did that come from Council? Did Council all of a sudden do that or did it come from elsewhere?

Mark Single: It didn't come from elsewhere. This is for the…let me just clarify, I may have the wrong transaction, pose your question is on Parker lands?

Mayor Katz: On the Parker lands regarding where we exchanged lands, how did that get…what entity initiated that? Give you a hint: for the transit garage.

Mark Single: Well, I understand what the property was required for but in terms of who and who in particular, again, I can go back to the files to sort of say was step one of that transaction. But I think as you've said you've…

Mayor Katz: Not to worry. Not to worry.

Mark Single: …you've answered the question.

Mayor Katz: Not to worry. On the value, because there's been a lot of discussion talked on that, you know, you can talk about valuations and you can talk about appraisals but I'm sure that you've heard this, the best way to get a value is what a willing buyer will pay a willing seller. So when you see that the City basically sold, when they got it back, 3.81 acres for 1.31, which if you take the total of 8.95 would be close to $3 million. As an accountant, it looks like the City had a pretty good deal there, what would you say on that?

Mark Single: The math would suggest that it's accreted from a million dollars to three on that component of the transaction. That's with the benefit of hindsight. The assessment of these values on a comparative basis would have been at the time. So we go back and stand behind our commentary that says beyond the brief appraisals, having something more formal to compare the relative values of the two properties.

Madam Speaker: Thank you.

Mark Single: You're welcome.

Madam Speaker: Thank you. Councillor Wyatt.

Councillor Wyatt: I realize that some members of Council might be tired. They could all…you know, you don't have to stay, you know, okay? We're here asking questions.

Councillor Swandel: We've gone last question 3 times now.

Councillor Wyatt: Well, you know what, I'm hearing answers and I have more questions.

Councillor Swandel: Keep going, Russ.

Councillor Wyatt: Alright. So a number of times you have said, your findings are troubling and concerning. And those are the words "concerning and troubling." And, you know, if you could speak to that and in terms of that what would be the things when you look at the work that was done in terms of this report to us; what are the ones that I guess that are things that jump to mind in terms of your…of that terminology which, you know, is before us today. What is the…you know, like the recurring or was there…first of all, do you see a pattern of anything and what jumps to your mind in terms of that?

Mark Single: I mean, I think that I'd address that by referring to ultimately based on the findings where we have landed on our recommendations with the first one being the most significant around the overall transaction management real estate framework. And specifically within and again I do want to acknowledge there's a number of policies and delegations of authority that exist but having that overall framework and the governance that goes along with that. Also, you know, as you look to the framework having some aspect of monitoring to assess the performance of the process once you implement that framework in the policies. So it's, you know, given some of the, you know, if you think through the…and I can just reflect back on the general areas that I presented to you this morning on, it's around, you know, information that's being supplied or not, to the decision makers. As you walk through each of those findings it was around processes and procedures, restricted appraisals, certain transactions not disclosed to decision makers, competitive procurement processes in the right cases where there's either not many players as part of a competitive process or the transaction value is so large; and the application of commission rates and having a protocol or policy around that. Those would be…I mean we summarize that in our overall findings and conclusion statement but we have spoken to that and that, you know, in some cases not complying with the policies or passing that information on could have had impact on certain other areas, the value for money, etc.

Madam Speaker: Thank you. Councillor Wyatt.

Councillor Wyatt: In doing your analysis and doing your review of this, you know, and we heard some delegations today, the one thing that struck me, one of the thoughts in terms of the report that before us…in terms of all of the real estate and the fact that our city has literally been growing and a lot of development has been occurring here in the City of Winnipeg, a lot of activity. A lot of it related to the fact that we have taken surplus lands that were with the City and put it into the market to develop and to renew. At the same time we have been a city which for many, many years had a tax freeze. And there was great pressure on us to keep our costs down and, indeed, the land operating reserve or the revenues from real estate transactions typically go into has been used to balance the operating budget of the City to keep taxes down. Has that ever…was that something that ever kind of struck you in terms of doing your entire analysis that there was a factor that our public service in terms of meeting the overall goals and directions of Council, in terms of keeping costs down, taxes down. The very same people today who made some critical statements are the same ones that come and demand that taxes should be frozen at all times, or the same ones who are now saying these other things

but at the same…the real estate transactions have directly, whether we like it or not or whether it's good policy or bad policy because I feel there's some points there, have been kept and have been used to fund the operations of our City. Is that something that was ever communicated or came across in terms of your analysis and investigation?

Mark Single: Yeah, that particular aspect would not have been factored into the scope of the audit or review. No.

Madam Speaker: Okay. Any further questions? Thank you.

Mark Single: Thank you all.

Madam Speaker: Appreciate that. Okay. Next delegation is Mr. David Sanders who is in opposition to the same item we just debated. Is he here, Mr. Clerk? Yes, okay. Welcome and thank you for your patience today.

David Sanders: Thank you. Wouldn't miss it for the world.

Madam Speaker: Is there something that you would like to hand out?

David Sanders: I have a couple documents, Madam Speaker. The first one is a document entitled "What is wrong at City Hall? The findings, recommendations and short comings of the Ernst and Young Canada Real Estate Management Audit." It's a rather long document. I sent copies to all members of Council last night. Did it contain many suggested questions, some of which at least were asked so far today and I appreciate that. I would like to read a bit of it and I also have some further recommendations for Council to consider today.

Madam Speaker: Can I have a copy, Mr. Clerk?

David Sanders: What is this all about? 14 years ago the City of Winnipeg Audit Department produced an excellent critical review and recommendations for the improvement of the City's management of its more than 1,200 real estate properties and facilities which were then assessed at a value of more than $2.5 billion. I hope that you have, but if you haven't, I would urge all Councillors and frankly, all interested citizens, to scan the report on the Real Estate Management Audit, Phases 1 and 2, of March 2000 which is on the City Website…on the Auditor's website. The City Auditor advised Council on June 21, 2000 that, that audit then examined two aspects of real estate management, the leasing of facilities for City use and the acquisition, sale and external leasing of City-owned real estate. The focus was on accountability and integrity and decision making; and the efficiency and effectiveness of key processes in real estate management. And they also advised that they concluded that fundamental changes are needed in the way the City manages its business to protect the public interest, promote accountability, and transparency and to ensure fair market value for real estate investment.

Madam Speaker: Mr. Sanders, can you speak to the item in front of us, please. Because I see that you're reading from this report here which we won't be circulating today. We should probably read from this document. You're not speaking to the item at hand and you're referring to a report from 2000.

David Sanders: Well, Madam Chairman, please, we're talking…

Madam Speaker: Madam Speaker.

David Sanders: Madam Speaker, I am sorry, we are speaking about the audit of the real estate transactions of the City and a report by the Audit Department on precisely the same issues; making precisely the same recommendations 14 years ago. For example, it's absolutely astounding that the City has now repeated its previously highly questionable lease of Shindico's Confederation Life Building at 457 Main Street for another 25 years. The City Assessment Department which is the prime tenant of that building, says that the 2012 market value of the property is 7,421,000, but the very same time the City administrative report advised that with the new lease which creates the value, at higher rent totaling more than $26 million for 25 years, the Confederation Life Building would have a market value of 18,140,000, almost 2.5 times the assessed market value of any other similar building in the City. And I just…so we'd know who we're talking about, in December 2011, that particular administrative report was authorized by John Zabudney, the Real Estate Manager.

Madam Speaker: Again Mr. Saunders you need to speak to the report in front of us. Do I need to take a recess to read all of your documents that we just received? We are not tabling this report so you should move on to this document here. Thank you.

David Sanders: Yesterday evening as I said I sent all members of Council that document and posed a lot of difficult questions. I hoped that the Councillors would ask most of those questions here this morning. For your information I was a registered real estate sales person and a former member of the Winnipeg Real Estate Board Commercial Division from '92 to 2004 and I leased and managed downtown office buildings. And I have taken a professional standards course of the Appraisal Institute of Canada. I'm not an accredited appraiser but I have valued all types of commercial institutional properties for property assessment purposes for almost 20 years. Given all that's in in this report, all that was in the previous report, all that you've heard, and that you know, I would now like to talk about where we go from here. What do we know? We know that the City's real estate management procedures and practices are ineffective and open to abuse and have been so for at least 14 years. We know that the City's senior management, the Law Department and the officials in the Planning, Property and Development Department have been unable to ensure that the City receives good value for our money in a wide amount of real estate transactions and show no signs of changing for the better. And it does appears that the City senior administrators are determined to minimize Council oversight of their management or mismanagement of Civic financial and human resources and to give Council the mushroom treatment. Unfortunately, it seems that a majority of Council members still are willing to be treated that way, but what can we do? Well, I suggest that council can just say no, to any more administrative attempts to remove decision making authority from Council. Council should seriously consider replacing its interim senior administrators with other interim senior administrators now before the new Council hires new permanent senior administrators in the late fall. I suggest that Council needs to send a very strong message now that someone is minding this store again. I suggest that Council should consider hiring a new and fully qualified Director of Real Estate right now, and give that person the authority and the responsibility to develop and recommend Council approval of the real estate transaction management framework which has been so sadly lacking which is recommended by your consultants and was recommended, likewise 14 years ago. With the backing of Council, such a new person might be able to do a great deal to reestablish trust in the City with respect to real estate matters even before the October election. As for the alleged wrongdoing it must be investigated properly, clearly, what you just read was not an investigation of that. And appropriate action must be taken with respect to anyone who may have violated the Employee Code of Conduct for which there are prima facie cases. The Code of Conduct for the Council of the City of Winnipeg, The Municipal Council Conflict of Interest Act, The Criminal Code or any other rules applicable in these matters. And I believe that it's now indisputable that an independent, external investigator or inquiry officer willing to use the powers to subpoena persons and compel the production of documents must be appointed to get to the bottom of all of the allegations; to determine which persons should be referred to, law enforcement authorities, and very importantly, to clear the names of those who are innocent. I suggest that Council should request that the Provincial government appoint such an inquiry officer under the part 5 of the Manitoba Evidence Act. I believe that the proposed inquiry should deal with the results of the forthcoming audits of the new Winnipeg Police Headquarters Redevelopment Project which are promised for next week. I'm very concerned about the late start on those audits which may have prevented the consultants from doing a thorough job which is required and I do hope that I am proven wrong. In any event, because the Winnipeg Police Service is directly involved in its new headquarters project it for sure must simply refer matters onto the RCMP for further investigation as may be required. Madam Speaker, I also was to speak on the other item, shall I proceed to that now?

Madam Speaker: We can take questions on the first item, if there's any. Real Estate Audit. Any questions for Mr. Sanders? No, you may proceed to your next item. Councillor Eadie.

Councillor Eadie: Thank you, Madam Speaker. I heard the delegate present calling the Province to call an inquiry. Is the delegate aware that under the City of Winnipeg Auditor in the Charter, the Auditor of the City of Winnipeg has the ability to call an inquiry if he so decides that one is needed? Under…and utilize the provisions under part B of the Evidence Act. Manitoba Evidence Act.

David Sanders: Madam Speaker, through you, I am well aware of the fact that the City Auditor has those powers in the City of Winnipeg Charter and I have been pointing that out for months here and it's clear that the City Auditor for whatever reason will not use them. And that's why I say today for the first time that it's obviously necessary to have someone external to the City conduct this investigation.

Madam Speaker: No further questions? You may proceed to the next item which you're in opposition to, the Fire Paramedic construction review.

David Sanders: Thank you, Madam Speaker. With regard to the final report from Ernst and Young on the results of interviews with City Council, regarding Fire Paramedic Stations construction project reviews. On July 2nd, EPC finally released Ernst and Young's confidential report to Winnipeg City Council on the new Fire Paramedic Stations construction project and the result of interviews of City Council and it was dated May 15, 2014, almost two months ago, and I wonder why it's been suppressed all this time. In any event, this latest report states that there were no responses received that suggested that the Mayor or any Councillor had any involvement beyond that expected in their various roles. In particular we did not receive any response that would suggest that any of those interviewed attempted to

influence any of their procurement selection processes or the proposed land transactions not completed. All persons denied having any discussions regarding the project with any proponents of the project, including Shindico. The report concluded that and I quote, "The interviews did not produce information that would lead us to believe that amendments and/or additions to October 7, 2013 report are required." And if that is so, then I presume that the Mayor and every Councillor responded to the set questions which the auditors asked as follows, I presume that every one of them said first that I had no involvement with regard to the Fire and Paramedic Station Project beyond the information considered at Council and Committee meetings. Secondly, I was not consulted in any way by City employees regarding the construction of the stations or the land transactions…I'm on my second item, Madam Chair…Speaker.

Madam Speaker: Five more minutes.

David Sanders: I was not consulted by City employees with the construction of the stations or the land transactions prior to the concerns regarding the project being raised in the fall of 2012, I did not discuss the project with any City employees and I did not discuss the project with any proponents, including Shindico. I'm sorry, but I just don't believe this. Perhaps the EY consultants down east were not told about Councillor Swandel's confession right here in this chamber on video and in transcript that he had been secretly negotiating a settlement with Shindico on the purchase of 1780 Taylor Avenue where the new Fire Paramedic station now sits in the hopes of…

Councillor Swandel: Madam Speaker, for the record I didn't say secretly, I said openly. And so it's a complete mischaracterization.

Madam Speaker: Mr. Saunders, I think that we should…

Councillor Swandel: I think we have rules that…

Madam Speaker: Wrap up now. If you want to find out what happened at previous Council meetings we have Hansard, Thank you. And this isn't true with reflection of what happened.

Councillor Swandel: Perhaps an apology would be in order for that mischaracterization.

Madam Speaker: Mr. Sanders.

David Sanders: I will apologize for the mischaracterization and I will certainly appreciate the fact that you told the Council what you knew on the matter.

Councillor Swandel: Just perhaps for the record my discussions were not negotiations; my discussions were an attempt to settle an issue.

Madam Speaker: Thank you. Mr. Saunders, if you could please wrap up. If you could wrap up, please.

David Sanders: Okay. At any rate if EY did know about this but did not think that such behaviour should be reported in their audit as a fact and then I wonder what other information has been hidden or suppressed and I do suggest that Council direct E&Y to re-do that assignment but at no additional costs and without delay. And thank you, Madam Speaker.

Madam Speaker: Thank you, any questions on this item? Councillor Mayes.

Councillor Mayes: A couple things, you used the term "suppressed" for the $6,000 a sentence report that we've got here from…on that the follow-up report that Councillor Swandel referenced earlier. I mean it is dated May 15th, I certainly got it last week at the Council seminar; I believe that my colleagues did. Do you have evidence that anybody got it earlier than that? Because that's a bit of a loaded term, suppressed, but as far as I know we all got it last week on July the 2nd.

David Sanders: I'm simply going by the date, May 15, 2014. Two months ago. I appreciate the Council received it last week.

Councillor Mayes: Thank you and perhaps a rare point of agreement. We have had some criticism about delaying consideration of this rather lengthy 180 page report by a week. You haven't mentioned that. My own view is this was good; gave the public a chance to review the report. I don't see that expressed as a concern of yours and I'm just curious, we have a report coming next week as well it now appears but you feel that was in order that we delayed the hearing of this matter, given it's 180 pages, by a week?

David Sanders: Absolutely Councillor Mayes, it does require time to digest as I'm sure that all members of Council would agree. And I hope that today is not the last of it.

Madam Speaker: Thank you, any further questions? Thank you for appearing today. We'll now move on to the reports. Item number 1.

REPORT OF THE EXECUTIVE POLICY COMMITTEE DATED JULY 2, 2014

Mayor Katz: I'll move that the report of the Executive Policy Committee dated July 2, 2014, be considered item by item.

Madam Speaker: Yes, Mr. Clerk. If you could read item one.

Item 1 – Real Estate Management Review

Madam Speaker: We do have three motions before us, numbered 1, 2 and 3. Okay. You'll notice on motion number 1 it's dated June 25th, that's just a typo, it should say July 9th. Okay. Same thing on motion number 3, the date on the top should be July 9th. Councillor Steen will move suspension of the rules to hear all three items, to be heard concurrently. All those in favour? Contrary? Carried. Okay. The Mayor will open and then we'll hear from each of the movers of each motion. Okay. Councillor Swandel. Councillor Fielding.

Councillor Fielding: So we're speaking to all items at the same time, just for clarification?

Madam Speaker: Yes.

Councillor Fielding: Okay good. Thank you.

Councillor Wyatt: At what point can we ask the officers of the City some questions?

Madam Speaker: You can certainly suspend the rules to do that.

Councillor Fielding: Did you want to do that first?

Madam Speaker: That would have been before…

Councillor Fielding: We could do that now.

Madam Speaker: Who, Councillor Wyatt, would you like to ask questions of? So we can ask clarification questions, sorry, at any time. Would we like to start with that process? Is this something we want to do or do we want to debate the matter first? Do we need a motion, Mr. Clerk, to do that?

Councillor Fielding: Suspension of the rules.

Councillor Gerbasi: No it's not a suspension of the rules, you can just ask them.

Madam Speaker: We can ask questions for clarification at any time.

Councillor Eadie: Can we call the vote on that motion by Councillor Wyatt?

Madam Speaker: There's no motion needed.

Councillor Wyatt: Madam Speaker, do we do this now or does the Mayor introduce and then we have that conversation or what would be the structure you'd prefer?

Madam Speaker: Okay. What we'll do is we'll let the Mayor introduce and then we'll move on to each of the motions to allow everyone to introduce those motions and then we can move to questions and then I guess debate.

Councillor Swandel: For clarification.

Madam Speaker: Clarification questions.

Councillor Swandel: On a point of order, I don't think that it's appropriate that we be cross-examining our public administration without going through proper HR processes and…

Madam Speaker: Is Council in favour of having a vote on asking questions, this isn't something that we've typically done.

City Clerk: It only matters with clarification, this is not a cross-examination. But the CAO has the right to speak through the Presiding Officer to clarify a matter of an issue in front of you. So if there's a question pertaining to this report that requires clarification from the Acting CAO, we can call upon him.

Madam Speaker: And keep in mind, we've had a Council seminar on this matter where the Acting CAO was present and lines can easily be blurred today. So is this something that Council wants to do is ask questions of clarification? Or get into this…

Councillor Swandel: I think that the question has to be asked for clarification and the Speaker can ask the Administration for further information, without knowing what the question is that's being asked for clarification, it's pretty hard to answer that question.

Madam Speaker: Right.

Councillor Swandel: It's not just a free-for-all, as what I understand the rule to be.

Madam Speaker: That's right and it could certainly turn into that quite easily. So Mr. Mayor, if you could open.

Mayor Katz: Thank you, Madam Speaker. Madam Speaker, as you know a week ago we had a Council seminar on the E&Y review, about three hours. Today I think we actually did it again and I know that, unfortunately, some members of Council were not available the first time to ask questions so I'm actually glad everybody got to ask whatever question they deemed necessary. Based on now having time to actually read the review and see the recommendations, I can tell you that I have no problem whatsoever moving a motion to accept the 17 recommendations of E&Y as per process and procedure. There were many areas where I did not think they gave all the information, which I think that many Councillors asking questions; we got that on the record. There were some changes today from back on Wednesday, which I think is extremely important. I think that the whole process here was to get as much information out in the open as possible. I think to the best of our ability we have been able to do that through the questions of the seminar and today. So I will be moving that and I certainly will be voting for it as well.

Madam Speaker: Yes?

Councillor Gerbasi: Just a point of clarification. Is that motion now in front of us that the recommendations be adopted and implemented? That is what is put in front of us? Thank you.

Madam Speaker: We do have three other motions. We have three other motions in front of us. Councillor Orlikow to introduce motion one.

MOTIONS

Motion No. 1
Moved by Councillor Orlikow,
Seconded by Councillor Wyatt,

WHEREAS the City of Winnipeg powers and structures are provided from Her Majesty, by and with the advice and consent of the Legislative Assembly of Manitoba, as outlined in the Winnipeg Charter;

AND WHEREAS Manitoba Justice has the mandate to ensure that municipalities conduct themselves in accordance with the relevant municipal charters and laws;

AND WHEREAS referral to Manitoba Justice for review will assist in restoring public trust;

THEREFORE BE IT RESOLVED THAT Item 1 of the Report of the Executive Policy Committee dated July 2, 2014 be amended by adding the following recommendations to the Ernst and Young "Real Estate Management Review" recommendations:

1) That Council forward the full Ernst and Young "Real Estate Management Review" to Manitoba Justice for review, and;

2) That Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.

Councillor Orlikow: Okay sure, I believe it's quite self-explanatory. The motion is, I'm sure some people may view the motion as some sort of political motivation and it is a political motivation for us all. And that is to…as politicians we are entrusted by the people to conduct ourselves and to make sure not only in actuality but also perceptually that they have trust in their Civic government. So this is, again, just a part of that process that I believe is it's wonderful to hear today that the Mayor is going to…is approving…is willing to approve all of the recommendations. Again, that's a good first step. There's still many more steps to make sure that they're implemented and they are followed. However, if there's still going to be a cloud, I believe, over us, I don't believe that the City has much. I'm not a lawyer though. I've looked at some of the Charter issues and I've looked at…I don't know all the laws. However, I don't think there's anything to be afraid of for just asking for that review and then allowing them to come back either yea or nay to it. But again, this will allow a third party to say, "You know what, there's nothing here to go on with". So that's what the review is for. It's not for anything more than just trying to restore the public trust and it's a part of that piece and we still need many more pieces of that, this is just one piece.

Madam Speaker: Thank you, I remind all Councillors these three motions are amending motions in front of us on the actual item. Next is Councillor Wyatt to open on motion number 2.

Motion No. 2
Moved by Councillor Wyatt,
Seconded by Councillor Fielding,

WHEREAS other governments have engaged the services of Fairness Monitoring, also referred to as a Fairness Commissioner engagement;

AND WHEREAS such oversight services are undertaken to help ensure fairness, namely decisions are made objectively, free from bias, favouritism or influence and conform to established rules to ensure openness, namely monitored activity is accessible to all potential participants without unjustified restrictions as to who may participate and to ensure transparency, namely information about the activity is provided to the public and interested parties in a timely manner and facilitates public scrutiny;

AND WHEREAS it has been determined from the Ernst and Young's Real Estate Management Review that there is a need to improve policies and procedures, confusion over who administratively can or should make decisions, a general lack of administrative direction by senior staff and a significant lack of value for money as a result of a lack of policies and documented procedures;

THEREFORE BE IT RESOLVED that the Ernst and Young LLP Real Estate Management Review be amended to add the following recommendation, namely that the City of Winnipeg create an Independent Fairness Commissioner (IFC), who would have the power to review all Real Estate Transactions and Management Services before they are presented to the Standing Policy Committee and/or Council, and that they would report directly to Council, via and under the Office of the City Auditor;

AND BE IT FURTHER RESOLVED that power to review and comment on all real estate transactions by the IFC, be retroactive to all potential transactions now underway and that the said IFC be reviewed by Council in 5 years;

AND BE IT FURTHER RESOLVED that the Auditor report to Council for the purpose of approving the mandate/model for the IFC and the financial resources required for the operation of the said Independent Fairness Commissioner.

Councillor Wyatt: Thank you, Madam Speaker. And I thank you for that clarification, it's a motion to add not to…to amend by adding; not to amend by subtracting or changing any of the recommendations, the recommendations from the Auditor stand. These are motions to add to those recommendations so I think is an important point. This motion, I want to thank Councillor Fielding for seconding the motion. The motion before us...and I'll just read it for the record:

WHEREAS other governments have engaged the services of Fairness Monitoring, also referred to as a Fairness Commissioner engagement;

AND WHEREAS such oversight services are undertaken to help ensure fairness, namely decisions are made objectively, free from bias, favouritism or influence and conform to established rules to ensure openness, namely monitored activity is accessible to all potential participants without unjustified restrictions as to who may participate and to ensure transparency, namely information about the activity is provided to the public and interested parties in a timely manner and facilitates public scrutiny;

AND WHEREAS it has been determined from the Ernst and Young's Real Estate Management Review that there is a need to improve policies and procedures, confusion over who administratively can or should make decisions, a general lack of administrative direction by senior staff and a significant lack of value for money as a result of a lack of procedures and documented procedures;

THEREFORE BE IT RESOLVED that the Ernst and Young Real Estate Management Review be amended to add the following recommendation, namely that the City of Winnipeg create an Independent Fairness Commissioner (IFC), who would have the power to review all Real Estate Transactions and Management Services before they are presented to the Standing Policy Committee and/or Council, and that they would report directly to Council, via and under the Office of the City Auditor;

AND BE IT FURTHER RESOLVED that power to review and comment on all real estate transactions by the IFC, be retroactive to all potential transactions now underway and that the said IFC be reviewed by Council in 5 years;

AND BE IT FURTHER RESOLVED that the Auditor report to Council for the purpose of approving the mandate/model for the IFC and the financial resources required for the operation of the said Independent Fairness Commissioner.

I want to also thank Brian Whiteside, the City Auditor, for his feedback in terms of this motion. I think it was important because of the fact, Madam Speaker, that, you know we want to have transparency; we want to have openness and fairness at the same time. We don't want to create a whole new layer of red tape needlessly. His commentary in terms of being able to report back to this Council in terms of the extent, there is definitely would be a cost involved but options in terms of those costs is that all of the real estate transactions, that would be one cost. Or is it a sampling of real estate transactions? That would be of course a very different cost. He and that's captured in the third be it resolved in terms of approving the mandate model and the financing for the IFC. I also want to thank the Exchange group, attached is an Appendix A, the accounting firm that…they've been using this model and it's being used now more and more by other governments, not just municipal, in terms of assisting governments; in terms of procurement; in terms of acquiring assets; in terms of disposing of assets; in terms of this, we're speaking of course specifically to real estate for this…for the fairness commissioner to provide that extra set of lens. It would be really a tool in many ways for our public service, no different than I could point out a motion that was moved by the Mayor not long ago and also previously by Councillor Gerbasi for an ethics commissioner. The idea that that individual is there for members of Council to be able to go to and ask and receive advice on matters that may come up from time to time to ensure that they do not overstep the bounds in terms of conflict of interest and so on and so forth that we are in today's world have to be very cognizant of. And this would be the same sort of asset for our public service as they go forward doing real estate transactions which surely will continue as we know. We are an active city, a vibrant city. We have a lot of wonderful things happening in our city and a lot of real estate involvement still of course happening with the growth and development of our city. We don't want to stop that. At the same time we want to ensure that the mistakes that have occurred don't occur again. And this is just…there will be a cost for this, but this is another amenity or tool if you like in terms of the Public Service having this lens that would allow and ensure that there's some checks and balances in place that may not have been in place before. And that's really why other levels of government and other governments are looking at this and using this as a method of public policy and implementing public policy. So I would encourage members of Council to support this as an amendment to, by adding this recommendation and it will require a report back in terms of the Auditor coming back to Council and making recommendations in terms of both the cost and the feasibility and in terms of the extent that this…the IFC would be engaged in terms of oversight with regards to working with the Property and Planning staff of P&D. Thank you.

Madam Speaker: Thank you. Councillor Eadie on motion 3. Introduce the motion.

Motion No. 3
Moved by Councillor Eadie,
Seconded by Councillor Havixbeck,

WHEREAS it has been determined from the Ernst and Young's Real Estate Management Review that there is a need to improve policies and procedures, confusion over who administratively can or should make decisions, a general lack of administrative direction by senior staff, and a significant lack of value for money as a result of a lack of policies and documented procedures;

AND WHEREAS the implementation of the recommendations of the Ernst and Young Report will be crucial to addressing issues of fairness, openness and transparency with regard to both real estate transactions and management;

THEREFORE BE IT RESOLVED that Item 1 of the Report of the Executive Policy Committee dated July 2, 2014 be amended by adding the following recommendation to the Ernst and Young LLP Real Estate Management Review recommendations:

- *Delegate authority to the City Auditor to acquire an external agency, other than Ernst and Young, to oversee the implementation of all the recommendations from Ernst and Young's report by the Public Service in a timely and efficient manner, to report back to Council on the implementation of the recommendations via the Auditor's Report to Council, and to have the Acting CAO do all things necessary to ensure the Auditor has the resources to conduct said recommendation.*

Councillor Eadie: Yes thank you, Madam Speaker. I would first like to thank again my seconder, Councillor Havixbeck, on this particular motion. I won't read the motion out loud because it wouldn't go as smoothly as Councillor Wyatt. But anyway, this motion, you know, in terms of…and we had discussions as well with the…asked questions of the Ernst and Young who were hired. It's clear that our Audit Department was not able to actually manage an audit of real estate transactions and actually added some work to it…I don't know the reasoning behind it. However, we do know that the Auditor's office has many auditing tasks that it must undertake. There's…and all the recommendations under this particular review are appropriately going through the Auditor's office and I think that our Auditor's office could use assistance in making sure that we're implementing these recommendations. And so this resolution is about the auditing department finding, other than Ernst and Young who has a total stake in what the recommendations are, but another independent agency, if you will, that would help us, the Auditor and the City manage through implementing these recommendations which a number of them are actually quite extensive; will take a fair bit of work and maybe with this independent person they would have some expertise and some of these recommendations that are implemented in order to do that. And it does ask for the Auditor to report to Council the progress of the implementation of these recommendations. And it calls for the Acting CAO in our circumstances right now, to help find the resources in order for the…for this particular motion. So it will cost some money but I do believe that the Auditor's Department is currently planning its next four years of where it's going to audit and this City is very, very large…a lot of different operations and I don't think that his office particularly has enough people-power to accomplish the many different tasks that it has so this motion will assist in that and, again, it will try to make sure that it is done in a timely fashion. I must say and I can't remember but I hope that I get to speak to the overall real estate report, but ultimately we have in the past seen an audit where not everything was implemented or maybe some things were implemented and dismantled, I don't know. But I think that this is really essential in order for today's recommendations to go forward to add this and that's my introduction, Madam Speaker.

Madam Speaker: Thank you. Next we will be debating the item and all three motions concurrently. If you have any questions for the Acting CAO you can ask during your time. The clock will be stopped during… when you phrase your question. Does that sound good?

Councillor Swandel: Point of order, questions of clarification, we ask directly to the CAO or we ask to the Chair?

Madam Speaker: Through me.

Councillor Swandel: So we would ask the question of clarification and the chair would ask the CAO? Okay.

Madam Speaker: That's right. That's right. Okay? Who would like to be the first speaker?

Councillor Swandel: Call the question.

Madam Speaker: Okay. Shall we vote on the motions in reverse order? We'll have to close on the motions. Okay so...

Councillor Wyatt: Point of order Madam Speaker.

Madam Speaker: Yes?

Councillor Wyatt: Okay, thank you. I have a question of clarification so through you, Madam Speaker, to the CAO. The report identifies on page 156, the appraisal of land pertaining to Parcel 4 and the $10 million matter that…I want a clarification that the appraisal was done by a third party and that indeed that was confirmed…The Auditor is indicating that that was conducted on December 17, 2009. And I'm assuming that's accurate. Is that just to clarify? Is that correct? Because according to their chronology here, they have it listed as number 9. Number 9 is shown on the chronology as December 17, 2009.

Interim Acting CAO: Madam Speaker, our indications are all that that date would be correct for the external audit that was done on December 17th. Sorry, the external appraisal done on December 17th. We have…as you may understand that the auditors had these files for quite a long time and has a better understanding of that data but from every indication I have is that it is correct.

Councillor Wyatt: Okay and through the Chair through to the CAO, if the CAO needs to get back to me on the next question I could definitely understand because he's not a resident expert on real estate, but my question would be: there clearly there was a period of time between December 17, 2009, and when the actual Council recommendation was debated in terms of the actual water park recommendation on Parcel 4 which was in 2012. And so would it be fair to say that that appraisal as according to what the…as a clarification of what the auditors are saying that it's dated; it's over six months; therefore, the value, knowing our real estate market, could have been much higher…just as a clarification.

Interim Acting CAO: It might help, Madam Speaker, to maybe for myself to give a brief outline of what happened with Parcel 4 proposal. In July 2009, the City issued the amendment…or sorry, let me go up earlier on this. In 2007 as part of the City's Parking Area Engagement Strategy is when the City appraisers provided an estimate opinion of the land value known as Parcel 4 and that was at $7.7 million. In June 2009, the City of Winnipeg issued the expressions of interest, the EOI, for the development of a water park within the City limits. In July of 2009, the City issued an amendment.
At that time just before the City issued the amendment you may recall that there was a Council seminar to discuss that there was one proposal received and that one proposal was the only proposal and it had identified the City property as part of that proposal. And at that point, Council at the Council seminar gave us direction to continue on and issue an amendment to allow anyone else to also participate in that proposal and to be able to utilize…and to be able to identity City properties as part of that. In July of 2009 the City issued that amendment to the EOI, stating that the City would consider submissions that may include City owned property. In August of 2009, my understanding is there's still…we only had one proposal: to construct a hotel and this…to construct a hotel and a parkade and a water park development on Parcel 4. That offer included a purchase price of $3 million for the Parcel 4. As part of their negotiations, as part of the EOI negotiations and analysis, the City went out and retained a third party and that third party review came back with a $10 million for the highest and best use. Of course, the highest and best use was not being considered and what was happening was an EOI negotiations for the construction of a water park and a hotel on that Parcel. So the City negotiating team went with the $7.7 million, saying that is our best price to date as the $3 million that was appraised by the proponent was too low; the $10 million seemed too high; and in the end what ended up happening was the City…the proponent agreed to a price of approximately…or at $6 million. The City further went for an independent appraiser and confirmed the value at $5.9 million. So the report that went forward to Council was regarding the EOI. It was not about the sale of the Parcel and that's where some of the confusion in the report and the dialogue between the auditors and the City staff has come; because the process was to identify that there was an EOI with a water park proposal and what they were proposing was to buy that parcel of land for $7 million. I hope that I have answered your question, Madam Speaker.

Madam Speaker: Thank you, thank you. Councillor Wyatt. Shall we start the clock on?

Councillor Wyatt: No, I just have another question. And I want to thank the Acting CAO for that response. As a matter for clarification, so what you're saying is that there was no…the intent of the Public Service was not to refrain from providing information to Council is what you're arguing in terms…I think what I'm picking up on…in terms of the whole issue the Auditor is arguing that the 10 million should have been reported in terms of that report and I just need clarification on that.

Interim Acting CAO: Madam Speaker, there was no intent on the part of the Public Service to hide anything. And as the Auditor stated earlier, there's always the benefit of hindsight and as the Auditor went through the process, has identified process and procedures which the Public Service has embraced about proper documentation and providing some of those types of information and the benefit of hindsight, that might be the case. What we're talking about today is that there was a report that went forward and that report was a discussion for an EOI and a proposal for a water park;

and what was the value of the land based on a water park and a hotel that it was going to be used for. You may recall, Madam Speaker that we just recently went forward for a proposal for Parcel 4 with the Forks proposal. In that proposal there will be an evaluation based on the type of proposal that the Forks is putting forward and the Public Service has written that into the recommendations.

Madam Speaker: Thank you. Councillor Wyatt, we will start the clock for yourself now.

Councillor Wyatt: But I had another question.

Madam Speaker: That's three questions. We're going to follow the same format.

Councillor Wyatt: Well I would request suspension of the rules so I can ask another question.

Madam Speaker: All those in favour?

Councillor Wyatt: Thank you.

Madam Speaker: Councillor Wyatt, I think we need to come back to you though, after.

Councillor Wyatt: Okay, sure, not a problem.

Madam Speaker: So would you like to speak to the item now.

Councillor Wyatt: No, no. If you want to come back to me after…but…

Madam Speaker: Okay.

Councillor Wyatt: It's up to you, Madam Speaker.

Madam Speaker: Go ahead then.

Councillor Wyatt: I just need to…I want the…to get clarification in terms of the 395 and 457 Main Street…renegotiated the leases that came back for approval. The Public Service response was…and I want you to be able to elaborate on that in terms of referring it to an outside party for an analysis. I think it was KPMG, that they had an opportunity to review this prior to the decision or to the report coming forward for Council's consideration. And because there's some things that the Auditor has pointed out critically and I think that it is important for clarification on that if the Acting CAO is able to speak to that.

Interim Acting CAO: Thank you, Madam Speaker. Let me start off first by talking about…the EY report criticizes a management fee of 15%. That is not the case. It is a management fee of 5%. What there is, is that there's a requirement for…as part of this lease to consider that the lease…the requirement is for the City to do some level of maintenance and so it's a management fee. It's a type of a penalty if the City does not live up to its own obligations. That will never happen. And so that's why they had inserted that into it but it is not a management fee. So the management fee is 5%, is my understanding. Now when the 395 and 457 Main lease came forward we must remember that as a public service we do begin to negotiate leases quite a bit earlier than when they're up, because by the time they're up, we're having to decant and move and find new services and new locations. So generally speaking it's within a tolerable range to within two to three years to begin negotiations. Sometimes negotiations can go on for a lengthy period of time to determine if we're going to stay in that particular location or move on to a new location. Those negotiations began. There were some benefits and as part of that in order to produce and write the report the Public Service was well aware of the previous audit. So the Public Service went out and worked closely with the City Auditor as well, who made some recommendations about separating of the leases…to separate them out; that's how they were separated out in the appendices in the report. The report was full disclosure of all the information that was provided as part of that analysis and the information was shared with Council. On top of that, what ended up happening was the Auditor made comments about there wasn't some detailed analysis or due diligence. First there was analysis taken into consideration as part of that. So in order to make sure that the City was looking at a proper lease, the City went out and sought other legal opinion, which you're right…which Councillor Wyatt is right, Madam Speaker, that the City received services from KPMG who verified whether the lease was a good deal for the City of Winnipeg. As well as in the report itself, it had identified a lease versus buy analysis; as well as a lease renewal versus alternative accommodations. Both of those analyses were written and part of the net present value analysis in the report as part of the appendices, it was Appendix 3 in that report. And so that was shared with Council. I hope that I've answered your questions, Madam Speaker.

Madam Speaker: Thank you. Councillor Wyatt?

Councillor Wyatt: Yeah and I appreciate this opportunity because I think that it's important that the Public Service have a chance to speak to these, some of the issues that I'm raising. One of the questions I asked the Auditor and I think it's important to speak to it because it speaks to when we did the land assembly for the purpose of the first leg of rapid transit and speaking to 344 Gertrude Avenue. And that was a complicated and a trying property that we're dealing with in terms of the issue with regards to this is a car wash. Would you be able to…I know that you have the management response here but could you add clarification, in terms of the actual transaction that took place, the issue of 20% versus 100% of acquires the property; 20% is what was required and 100% is what we acquired. And then, the process of the in terms of the resale of that property in terms of putting it out back to the private sector and why the operation of the car wash was continued. Because, you know, this speaks directly to the issue of land assembly and we're going to be going forward and do other land assembly with the regards to the second phase of rapid transit. So it's important to clarify the issues raised.

Interim Acting CAO: Madam Speaker, I will make my best attempt at my recollection and as well as through some of my notes as to the 344 Gertrude Avenue. When…let me start off first of all to speak to a statement made inside the audit. The auditors of E&Y, or EY, have stated that an engineer stated that the lease should…or that the taking should not happen. The engineer was the project manager responsible for building the bus way, the rapid transit stage one. The engineer was not an expert, was not a retail…real estate expert, nor an expropriation expert. They felt that there was some operations occurring and the person, of course, was allowed to share their opinion and that was within our files. That does not mean that that…because it was an engineer that...the statement leads you to believe that an engineer was against the expropriation. The expropriation process was being dealt with by professional real estate staff and receiving input from other staff. The Director of Transit as well as the manager of the area both supported the full taking when that request went forward. The request came forward as part of the analysis that was occurring. The business had indicated that they were unable to continue to operate as they were prior to the partial taking because the gas bar and lands had to be removed resulting in a loss of contracts and lack of room for large vehicles. They had identified that. The owners of the property had identified that they would have to shut down. They had full intention of shutting down. The real estate officer as well as with support from Legal Services felt they had a strong case to be able go to LVAC and that opened up the City for a larger cost because the business would have been closed and by the time the settlement occurred there would have been additional costs to the City. So it was important for the City to do negotiations. The recommendation was for full taking. As part of the full taking, the opportunity was if we took the full taking, the business offered to close. The City of Winnipeg understood that if the business…we felt that there was still an opportunity to run some type of a business there but we could not afford for the business to close down. There was a discussion at the Downtown Committee as I recall on this, and there were…the old owner was employing some at-risk youths as part of the service they were providing there, as well as it was a business that we needed. We estimated that the value of the land by itself considerably less than a viable business to be sold. So the decision was made to prepare the property and sell it off as a separate service. The City was aware that the car wash would not be able to continue to operate, however, the business could not continue to operate as it had been, we understood that. The property owner had a claim for the inability of the business to continue to function as it was. At one point the owner advised us that he would shut down the operation if the City did not acquire the entire property. Both the Director and the Manager as I mentioned already, the Public Service was able to negotiate this and the City purchased this unique business and then were then able to then sell it. There was probably my estimation…and Councillor I can certainly…sorry, Madam Speaker, I can certainly get the details of the differences in values which I don't have but I am estimating it at least $700 to a million dollar difference between the value of the land as opposed to selling the property alone, selling the business and property together, along with the considerable amount of cleanup to be done on that property. That, in fact, gave the City of Winnipeg the best value for money; was to have an opportunity to be able to sell a business that we felt that we could still have available out of the marketplace as opposed to taking the full taking and then demolishing the garage that was there and selling it as bare land. I hope that I have answered your question, Madam Speaker.

Madam Speaker: Thank you. Councillor Wyatt.

Councillor Wyatt: Thank you, I want to preface the next question by saying they think that it's been very popular as of late to attack the Public Service and I think that it's important the Public Service have a chance to be able to speak. You know, because often, you know, we're the elected representatives and we have the opportunity to speak, debate and we're the ones seen. But in terms of the day to day issues, the reality is that the Public Service is the one doing the work behind the scenes and it's an important resource and I think that it's often criticized, I think wrongly at times so I think that it's important that these questions be asked. And I want to continue to ask another question and that's in terms of the clarification. The Auditor when I asked the question about the Parker lands, the Auditor in terms of…and I have read you management response so I, you know…but I want clarification for the record in a sense and that is this. The Auditor, I asked, was there any roads or any kind of contemplation in terms of the rapid transit? The Auditor got right to that, the rapid transit line for the Parker lands when we were doing the exchange of Parker versus the Fort Rouge lands, and the

Auditor gave one response and then said, well, I have to get back to you on the response so we didn't really get a response and that's why I'm asking for clarification. The management response is fairly clear but I think it's important. Was there you know at any point prior to us making that decision or leading up to that decision or at the time of the decision, any contemplation that we were going to need this land in the future for rapid transit route in terms of that property?

Madam Speaker: Mr. Joshi.

Interim Acting CAO: I'm sorry, Madam Speaker, I'm trying to find my notes on that property.

Councillor Wyatt: I just want to preface again if the Acting CAO needs to get back to us, I can understand because I have not given…or asked a heads up on the questions. So if he needs to get back at any point he's welcome to do that as well and take it under advisement so.

Madam Speaker: Would you like to take that under advisement?

Interim Acting CAO: I can certainly, Madam Speaker, share with you what I recollect about the Parker lands and I will endeavor to get the details that you're asking for you. What I can tell you is…my recollection is that there was a report that went forward to Council for the Parker lands and the transaction and the sale. It was identified by the Director of Transit that they needed to have that in order to keep the project on track and not to have impact on the construction of the rapid transit way and to keep that project on time and on budget, the land was needed. It was negotiated, yes there were some, as identified in the audit…yes there were some short appraisals as opposed to the long former detailed appraisals that have been identified. Within that, when the negotiations completed or the analysis was completed and the land was identified, the report that went to Council identified the possible rapid transit way on the sketch plan that went forward to Council. On the sketch plan, it did not identify any requirements for rapid transit…for rapid transit stage two because all that, at that time, as part of the sketch plan identified it all on lands that were still municipal property and not the Parker lands that were being transferred. So there was no identification at that time for any lens needed for the rapid transit. It was clearly shared, Madam Speaker, that there was a proposed rapid transit alternative. And at that time, my recollection was that the raid transit was part of the initial…the preferred option at that time was the Pembina Highway.

Madam Speaker: Okay, thank you. Councillor Wyatt?

Councillor Wyatt: I have other questions but I want to be able to allow other members of Council to see if they have questions. And…

Madam Speaker: Speak to the item?

Councillor Wyatt: No I'll step down in case other members of Council have questions in their period of time so.

Madam Speaker: I think the format we've said we were going to use is ask questions and speak to the item. Would you like to do that?

Councillor Wyatt: Well I'll speak to the item but not right now. Nobody else wants to speak?

Madam Speaker: That's the format in place today.

Councillor Wyatt: No one else will speak to the item? Nobody is speaking to the item?

Madam Speaker: Councillor Wyatt.

Councillor Swandel: Everything's already been said.

Madam Speaker: Councillor Wyatt, the floor is yours if you'd like to speak or if you'd like to wait till you close.

Councillor Wyatt: No I'm going to close and make my comments then on the motion so.

Madam Speaker: Okay well any further speakers? Okay. Any further speakers? We're not closing at this point yet. Yes, Councillor Havixbeck.

Councillor Havixbeck: I'd like to start as well with a questions for the Acting CAO. Earlier it was mentioned about policies and procedures were followed…

Councillor Swandel: Just a point of order. Again is there point of clarification that's happening now?

Councillor Steen: They're closing now.

Councillor Havixbeck: Yes.

Councillor Swandel: Is that? Okay, thank you. Just 'cause you just said that was…

Councillor Havixbeck: The same type of clarification that Councillor Wyatt just provided.

Councillor Swandel: Right okay but that's not what you said. So I just want to make sure we're using the procedural piece of point of clarification.

Madam Speaker: Okay, yes.

Councillor Havixbeck: So first, Madam Speaker, I'd like to clarify a question that Councillor Wyatt raised and ask a subsequent question to that. So earlier the CAO mentioned that policies and procedures were followed, yet I see many policies and procedures that were not followed. I'd like to know how managers were able to sign off on a significant payment, specifically the $100,000, without a brokerage contract in place.

Madam Speaker: Is there a specific page number you're referring to or clarification in the report? Our Acting CAO is not the one that audited this matter. So what is your question for clarification?

Councillor Havixbeck: Well he would have commented I would think and had a response. So on page 151 in the report…I'm not sure. I'm building on the question that Councillor Wyatt asked about policies and procedures being followed. I distinctly heard that in the response.

Councillor Gerbasi: Point of order, Madam Speaker. I think if somebody has the policy and our procedure is that if someone has a specific point of clarification, it's fair to ask the CAO to clarify that. To just sort of mask this as an interrogation about…is what this could easily turn into, which is why we have these procedures and I think out of respect for our service…I mean he's been answering questions if it's a specific clarification. I think this just could go on for it forever as an interrogation.

Madam Speaker: Yeah, you're right Councillor. Thank you. Do you have a specific point that you're looking for clarification on?

Councillor Havixbeck: Yes, I have numerous, Madam Speaker. And you know what? I think that shutting down the type of questions that are…that need to be answered and need to be…

Madam Speaker: It's as per our Procedure By-law.

Councillor Havixbeck: Can you read me that section of the policy please?

Madam Speaker: We already did earlier today and we can certainly do it again.

Councillor Havixbeck: I would like clarification then on page 151 and 156 of the report, where it says "that the former CAO provides the developer the EOI in an email labeled FYI and confidential", three days prior, that's on the Polo Park Stadium site. On page 156 a similar incident is cited in terms of the Parcel 4…yes, Parcel 4 proposal. I would like to know if the COO…or the Acting CAO had knowledge of that transaction.

Councillor Swandel: Just a point of clarification. Page 156 is the summary chronology. I think the only clarification you could ask if those were in those timelines. That would be the clarification.

Madam Speaker: This is not an open-ended Q & A. Do you have a question for clarification in the report in front of us?

Councillor Havixbeck: Madam Speaker, I'm feeling that I'm being shut down from asking any relevant questions. My point of questioning is…

Councillor Swandel: Point of order, Madam Speaker. That is a complete mischaracterization. Page 156. To make it clear for the record, Madam Speaker, on this personal point of privilege, this is a summary chronology. The only clarification you can ask of this page is whether or not the chronology is accurate.

Councillor Havixbeck: Is that true, Madam Speaker?

Madam Speaker: Yes.

Councillor Havixbeck: Alright then…

Madam Speaker: Councillor Havixbeck we can move onto another speaker and we can come back if you'd like.

Councillor Havixbeck: Can I have clarification from the CAO that this is in fact his understanding of it?

Madam Speaker: Okay. Would you like to repeat the question?

Councillor Havixbeck: On page 156 we have a chronology. I'm asking specifically about the knowledge that the Acting…current Acting CAO had about this scenario. Can he confirm his knowledge of it at the time of this event happening?

Interim Acting CAO: Madam Speaker, as you may recall, the presentation made by the auditors who had one and a half years, at minimum, looking through all files, emails, reports and documents, many of which I would not have had access to. The question that is being asked from my understanding, Madam Speaker, is that "was I aware of this e-mail?" No.

Madam Speaker: Okay, thank you. Anything further Councillor Havixbeck? Would you like to speak on the item though?

Councillor Havixbeck: No, I'd like to ask further questions. We'll see, I guess, if I can ask them. I'd like to know which transactions the CAO may have informed the Mayor and members of the EPC about in this audit.

Councillor Swandel: Again, not a point of clarification. This is a cross examination of our CAO.

Madam Speaker: That's not an appropriate line of questioning. Do you have any questions that require clarification on the report in front of us?

Councillor Havixbeck: Yes, I would like to know if the Acting CAO briefed the Mayor and briefed the members of EPC on any of the findings in this audit.

Madam Speaker: You're calling into question, performance and we're not reviewing performance here. We have an audit in front of us. That's the item we're speaking to. So if you have any specific question that require clarification, you can proceed. Would you like to speak to the item?

Councillor Havixbeck: Not yet, no.

Councillor Gerbasi: They asked their questions and then they speak to the item.

Madam Speaker: That's right.

Councillor Gerbasi: And then they're finished.

Madam Speaker: That's right.

Councillor Gerbasi: And I think that's the process we agreed on.

Madam Speaker: Yes.

Councillor Gerbasi: It's not trying to shut anyone down. It's trying to show a proper process that people shouldn't be abusing, Madam Speaker.

Madam Speaker: That's right.

Councillor Havixbeck: Madam Speaker, to the point of order. Are you going back to Councillor Wyatt since we've…

Councillor Gerbasi: He decided not to speak.

Madam Speaker: No.

Councillor Havixbeck: He's not speaking period? Fine. You know what I…

Madam Speaker: You changed your mind. You'd like to speak on the motion?

Councillor Havixbeck: Yes of course I'll speak. You know, I think that first of all the process has not been clear. I wrote the Clerk for clarification about how this day would be handled. We've received no clarification. It's been kind of as we go and I'll leave that as an aside. But you know, 4 years ago nearly to the day, I decided to run for Council and I was excited about what I could do for our community and for our City. And citizens put their trust in me when they voted for me. They put their trust in all of us when they voted for us. And I thought this was going to be an opportunity to create a better City and I cannot believe that on the last of the 3 Council meetings that we will potentially have that we are pouring over, sorting through, trying to get to the bottom of what went on over the last 4 years. And I'm saddened and I think it's disgraceful for City Hall. I'm saddened for what this Council has been reduced to, because I feel duped, stonewalled. I feel that there…I am convinced that I had to be convinced to support things along the way. This council has had its powers stripped and the public recognizes that. We are now reduced to being a steering body, essentially. Council is supposed to make the decisions and the administration is supposed to be carrying it out. And I believe that people at the top are aware of things. I can't get the answers to that but I believe that they are…

Councillor Swandel: Point of order….characterizations. As the good Councillor knows they're not appropriate for this chamber.

Councillor Havixbeck: Alright.

Madam Speaker: So noted.

Councillor Havixbeck: I believe there are transactions still in progress right now that are…still…we will still see and if we were to look back on them now in 5 years, would be subject to the same things happening. As a former member of Executive Policy Committee, I am well aware of how decisions get made. They are made behind closed doors in a broken system. I know how reports are shaped. I know how they come out and the Public Service is often literally told what to do and how to shape them. I have seen it. When I suspected something was wrong on fire halls and the processes there, I held the former CAO accountable. I insisted he be present at the Standing Policy Committee. He sat through the morning budget deliberations for 3 hours and he was asked questions by a committee for 3 and a half hours. I recall the Mayor was furious with me and called to tell me so. Prior to that…

Mayor Katz: Madam Speaker that is an absolute lie…an absolute lie and not the first lie. And I'll give you another example right now. Just the other day we were told…

Councillor Havixbeck: Point of order, Madam Speaker.

Mayor Katz: We were told by the same individual that the Auditor said something to her which even the Auditor and the Clerk said was wrong.

Councillor Havixbeck: Point of order. This is not relevant to my presentation.

Mayor Katz: I'm not listening to anymore lies. I would like an apology.

Councillor Havixbeck: Today we have the truth before us in a report.

Councillor Swandel: Madam Speaker, I do think there was point of order there…mostly the characterizations are very specifically mentioned in our Procedures By-law and it's important I believe that we shut this down now. This person cannot be allowed to do this and leave this stuff hanging out there. There are people…some of us work here, you know, believing that we have great integrity and honour when we come to work every day.

Madam Speaker: Thank you.

Councillor Swandel: And to be painted by the likes of that.

Madam Speaker: Councillor Havixbeck.

Councillor Havixbeck: Fine. Madam Speaker, I will withdraw my comments

Madam Speaker: Okay.

Councillor Havixbeck: And apologize for referencing a phone call then.

Madam Speaker: Thank you. Would you like to take a few minutes because I see you're reading from a script? And rephrase your comments?

Councillor Havixbeck: No. I'm prepared to carry on.

Madam Speaker: You may proceed.

Councillor Havixbeck: I believe that time and time again, in my time on Council, information has been withheld whether intentionally or unintentionally, but it is here and it paints a picture. We represent the citizens. We have taken the courage to put our name on a sign and to represent people. And I feel it has been a difficult challenge in many of these processes; having been a decision maker on many of them, to do so with the lack of information that's been available. I think that any debate about semantics, about this being a review versus an audit, are just that. They are semantics. This document represents what we had asked the Auditor to produce for us and I believe that minus a few minor type errors, this is an accurate description of what went on. And I don't believe in attacking our Auditors or the contracted Auditors on it. No one wants to hear this. People want to hear a Council that will own it and move it forward. Leaking this document and not being able to get an answer about who, where, when, further reinforces my point that there's a lack of accountability in the organization. It's a breach of trust is what it is. And Councillors, I think we need to pay attention that this must are corrected and we must hire leaders that will not allow that to happen. I believe in our City. I believe in the people in our City. And I don't want national recognition anymore for these kinds of shams going on.

Councillor Swandel: Point of order. Once again this characterization that should be called into question by the Speaker...

Councillor Havixbeck: Madam Speaker, we have coverage in a national paper on things going on in our Council.

Councillor Swandel: Point of order. As the good Councillor knows, trying to verify something in the media is also against our Procedures By-laws.

Councillor Havixbeck: I'll wrap up then, Madam Speaker. The public's trust in City Hall is completely eroded right now. I think the motions are excellent. All of them need to help move the recommendations along quickly, so that this Council can take back the power and stand up and say that they did the first few steps at restoring trust and confidence in City Hall. Thank you.

Madam Speaker: Thank you. Councillor Fielding.

Councillor Fielding: Thank you Madam Speaker. I will be speaking fairly briefly. We, of course, had a full day already in terms of questions and answers and everything else. I do want to put some things on the record. I do generally think it's a good report for the most part and some of the recommendations I'll definitely be supporting, the number of recommendations that have come forward for it. I would have liked to have seen the former CAO interviewed so I think there is some merit to that. Some of the other people that had been mentioned that hadn't been a part of that but above and beyond that I do think some of the recommendations are important to do. I am going to fully support them. I am…you know being on Council for the last 8 years there is a number of these reports that have come forward and I am troubled by a number of the facts, number one, with the appraisals: not getting all the information from Council…the Parcel at the Forks and not getting the proper information, because I think even at that time there's a lot of speculation that we weren't getting all the appraisals that were brought forward from the side and I do have concerns in terms of that and I do have concerns also, more information today in terms of the land dedication; how the reserves are done, not just on a basis that Council didn't get that information, which is troubling because I wonder how other reports where things are left off; the fact that land dedication money goes into our community, our community accounts essentially and you can use this money to help promote ideas that are there so sometimes there's a justification of why you wouldn't want to do that, to make the deal work; I understand those things, but I think at the very least Council was in the dark in terms of some of these things and that is very troubling and I don't want to see that going forward and I think that Councillor Havixbeck raises some good points in terms of regaining the trust for our citizens and a part of that I think embracing some of these recommendations we're talking about as an important step. There is a number of motions that I've

brought forward. The first motion is by Councillor Orlikow and I will be supporting that. We did hear about the criminal elements of things that we talked about through the Auditor's report but I think to regain trust from our citizens referring it to Manitoba Justice is something that's appropriate. They can comment back and forth about whether we should…and I would definitely be there to support that. The second motion is from Councillor Wyatt and appreciate and support what he's saying about a fairness advisor. He had brought this up yesterday and it makes a lot of sense in terms of monitoring…it's another tool that can be used to ensure that fairness and accountability happens throughout all our transactions. I think for the most part a lot of the transactions…there's nothing wrong with them but to have another tool that shows accountability is very important. Number 3, Councillors Eadie and Havixbeck's motion, I'm not going to support this one. I did look through it. I think that the some of the motions brought forward, in terms of some of the recommendations, plus getting information from the Justice areas…incorporated with it, so I will be supporting 2 of the 3 motions plus the recommendations and I really and truly hope this is an eye-opener for Council as we go forward. I think having the right processes in place and providing information to Council…some things that the Auditor did mention that…you know there's some talk of the car wash and I have to say that although I don't necessarily agree with some of the questioning sometimes… the how it's asked, but you have to be in the time and the place with how things are operated and you can argue with the Parcel key. I didn't like not having the appraisal of 10 million dollars that are there to a certain extent. There are political realities that happen where you're not going to build a 20, 30, 50 story, you know, apartment that's there and though there's realities in terms of best use of land; sometimes the political reality of what you're doing needs to set in as well. So, I will be supporting all these recommendations and it is an eye opener and I think that we need to go forward and regain people's trust and I hope that this is the first stage of that. So, thank you, Madam Speaker.

Madam Speaker: Thank you. Councillor Mayes?

Councillor Mayes: Thank you, Madam Speaker. I actually had two questions. You'll rule them out of order if you think they're out of order, I'm sure at this late hour. I think they're clarificatory in nature but if not you'll let me know. Both pertain to the parkade. They follow up on matters I asked the Auditor about 7, 8, 12 hours ago when they were here and the first question is…pertains to the Winnipeg Square Parkade, 2009…
One valuation is much higher than the other is. The value that was 20 million higher than the sale price was not included in the administrative report, according to the Auditors. Can you clarify? Is that accurate? Thank you. Is that accurate? And if that is accurate, why would that higher evaluation not have been included in the administrative report?

Madam Speaker: Thank you.

Interim Acting CAO: Madam Speaker, the decision that was made was that there was no need because it was an opinion of value. The Public Service asked one of our agents what they assumed as the opinion of value. That was based on assumptions such as increased rental rates, life safety, structural elements were maintained and no deferred maintenance and therefore used a 6% capitalization rate. The valuation of the parkade by an accredited appraiser was done and that's what was shared with Council. That accredited appraiser came back and estimated the value at somewhere in…I'm sorry, I don't have the files and a team behind me like the Auditors did, but I'm assuming about…I do have a great team behind me but they're not…so the value was approximately 21 million dollars. On top of that, the Public Service did further due diligence and went out and because we were not just selling a parkade, not a piece of land. It wasn't just the appraisal for the piece of land; we were also selling a business. So a business valuation was done, also by a professional business valuator who also came back,; took a look at this and came back with the proper capitalization rate with proper due diligence in examining again the structural elements, the maintenance, the deferred maintenance that was sitting on that piece of property and what the rental rates were and came back with an 11.58% capitalization rate as opposed to the 6% that was estimated on an opinion of value. Three offers to further substantiate and I think there was a comment in the floor of Council today, the best indicator of what a property is is when you put it out on the market. Finally a third option was made available which was the property was put out as an RFP and we had an offer for, as I recollect, $17 million, 19 and 21, or 22 or 23. And finally the highest offer was selected and negotiated to 24 million. And I would recommend, Madam Speaker, for any member of Council, to take a look at our notes that were specific on this in the report. Hence that that was the reason why an opinion of value was not considered credible to be put into a report on the understanding for the Public service.

Madam Speaker: Thank you. Councillor Mayes.

Councillor Mayes: Thank you. Very thorough. I want to thank Mr. Joshi for his answers on some other matters that I have pertaining to the St. Vital transactions in this report. The final question is pertaining still to the Parkade and the matter I raised some hours ago with the Auditor pertaining to… the way it's been phrased by some is Councillors…why weren't Councillors told by the administration that the real estate broker advising the City on the sale of the parkade subsequently represented the buyer in the transaction. The Auditor has tried to clarify that somewhat as well in terms of the role of the proponent to the role of the broker around the parkade. So I'm wondering if you have any comments on if

this is accurate? Why would there have not have been advice to Council of the day about a broker or a proponent acting on both the City and one of the parties.

Interim Acting CAO: Madam Speaker, I think a good part of that question is probably better answered by the Auditor as to their perception of what they felt the role of, as they described in the presentation that I wrote down, was that they called them an advisor and then were representing as a broker for the sale. So the advisor…my understanding is the advisor was that an opinion of value was asked. Why was the opinion of value asked? They were our highest rated broker on our list of brokers and the manager of real estate, as I recollect at that time, requested the opinion of value. They were not representing the City and I think there was some confusion that occurred around that time where the broker accidentally went out and marketed that property and we made it very clear they were not representing the City and they didn't have any interest associated with the City and they were asked to take the listing down as what the City of Winnipeg had requested was all brokers, all 5 brokers were allowed to go out and market and bring in the best possible sales transaction to the City of Winnipeg and whichever broker received or were able to bring in the highest value, the City of Winnipeg would then cover the costs of or pay for those commission rates and I will draw your attention to the report where the Auditors themselves say that that is common practice in other municipalities as well, to pay brokerage commission rates for when brokers bring other people in to buy City property.

Madam Speaker: Thank you. Councillor Mayes, would you like to speak to the amendment?

Councillor Mayes: Yes. It's about 6, 7 hours in, Madam Speaker. I see that we have 3 members of the public still here in addition to the reporters. I think that I'll be mentioning all 3 members of the public in my remarks. Several hours ago Colin Craig was up and said "You know I think there's been a culture of deal making and not due process" and there's some accuracy in that. I think over a certain period of time, I wouldn't say that's still the culture still here now and I can see why that would be the impression left by this audit and by previous audits but I am a lawyer, unlike some of the other folks here who keep saying they aren't a lawyer. And I do know a thing or two about due process so I think it's important to get the second part of that; to talk about due process, because we're hearing a lot about how we should all be thrown out of office, because there's a very negative report out there between 2007 and 2011. So just before I agree to that, I have a few comments to make. Especially because this does, as I asked, pertain largely to the period in 2007 to 2011. I think my math was 1800 days I was a Councillor for 18 of them so I'm not too eager to take ownership of all of the transactions that occurred during that period. Well then, who is to blame? Who should we fault? Well that gets more and more difficult, actually. You could say well, Councillor Gerbasi was here for all of that time. Maybe she is to blame. Well, she voted against hiring Mr. Sheegl whose name is front and centre in a lot of this. She is one of only 5 Councillors to do that. So I want to give some credit to Councillor Gerbasi who is resistant to temptation to, I think, to throw some of our senior Admin under the bus as part of this and I want to say, well, no, that can't be who's to blame on all this. Well what about Councillor Havixbeck? She was on EPC for a couple of years. She did vote to hire Mr. Sheegl. She voted for the water park. Well then, again I think that Councillor Havixbeck asked a lot of legitimate questions about the way that things have played out. And I think that she would also say:" Look at the Parkade transaction, the last day on that timeline" The last day on that timeline is before you were elected Madam Speaker; before Councillor Eadie was elected; before Councillor Havixbeck and before Councillor Steen. So I think it's important to have the context here, it's been said before that a lot of these transactions took place over different periods of time… if you go to page 12 and 13, they're a discussion of Council and transactions in 2006 before the 2006 election, when by my count…I have to get clarity from Councillor Nordman on this, I think 5 or 6 of the current Council were in place. So if you start searching around trying to pin the blame on somebody, it gets more and more difficult. Well, what about the CAOs? You heard the Mayor say earlier: "Well at different times in this there were different CAOs. I didn't overlap at all with Mr. Laubenstein. He's no longer here. Didn't overlap with Annitta Stenning. She's no longer here. I spoke earlier and mike Ruta appears to have been Acting CAO on 1 transaction out of 37 and it's one of the most minor one and actually was misreported as the Auditor indicated so I don't think you can look for blame there. So, we don't have Mr. Sheegl here to answer questions. Some people have faulted us for that. Of course, some of the same people who've done that are the same people who hired Mr. Sheegl and negotiated his contract. I'm not too prepared to take any blame for that and we heard the Auditor say…we asked him "Were you told? Were you told not to talk to anybody or did you make your own decisions?" They said right here on the floor "we had no restrictions". We talked to the people we thought we should talk to. We didn't talk to former Councillors. We didn't talk to former CAOs. Any of them. That's their decision. We heard somebody say we should extend this out for the third party review. They are a third party! They're the third party we hired. They're Ernst and Young. They're not part of the City. That would be a fourth party we're sending it out to. We have a third party review. It's called an audit from Ernst and Young. I think it's an audit. Doesn't particularly concern me that it has the word "review" on it. If we start searching for blame, are we going to un-name the Lazarenko Bridge suddenly in case he was involved somehow? There's a certain absurdity we can get to here. When I want to get to, and I don't mean that. I voted to name the bridge. I have nothing against Mr. Lazarenko. I'm sure he did a fine job and Councillor Eadie is his successor but my point here is to point out if we start out trying to go back and figure out who did what when we've had a series of different administrators and administrations. We've had all sorts of EPC lineups, so what are we left with? And a second member of the public is still here and I'm snapping and I apologize at Ron Mazur, about 7 or 8 hours ago

cause I don't think that I've eaten anything as we've progressed here. Ron was saying "well you're not voting for Councillor Orlikow's motion. Are you doing nothing?" In my view no. The motion 1 which is to refer to the Province, Councillor Havixbeck got up and said we have to own this. Well if we have to own this then let's not send it to the Province. If the Province wanted to intervene they're absolutely capable of doing it. They've already said they choose not to intervene. They don't need us to ask. They go and intervene at school boards all the time if they think there's behaviour that's untoward so we don't need to ask. We do need to own this and not try to shuffle it off to the Province. Additionally, if you've got concerns about the Parker lands and that there might have been something suspicious with the dog leg chosen, the Province actually endorsed the dog leg route so now you're asking the Province to investigate itself and its own actions in choosing the Parker lands route, so it gets a bit absurd. Maybe we should send that out to a fifth party then. There's the certain absurdity. We have a third party recommendation. It's from E and Y. Let's adopt the recommendations. They're solid. I find a lot that's troubling in the report. I had somebody on Council indicating I said I didn't find anything troubling and I want to be clear. There's troubling things in this report. The business about the Parcel 4 evaluation; the business about the Parkade; again all of which was before…at least 5 of us were here on Council. There were a number of troubling things that occurred in the period here. I want to be clear on that. I'm not troubled by the recommendations, which I think are solid. So I think if you're talking about due process, as Mr. Craig mentioned, and I think that's a fair comment that you have to get away from a culture of deal making and look at due process. I think that it's important to look at how do we move forward from this rather than just saying let's vote everybody out willy-nilly. Even if like Councillor Gerbasi they voted against hiring some of the people who we now think bear some responsibility. I wasn't here for that particular vote, I would point out, when Mr. Sheegl was hired but I was here for the water park vote. I did vote against that. I did vote for a number of the audits so I think this Council, as much as we in-fight, I think to the credit of the Council we have voted for a series of audits. We've gotten those reports. Some of them have been pretty damning, frankly, but a lot of that is from a period a couple of years ago and we're now taking action to clean that up. Not looking for the Province to do it. Motion number 2 is Councillor Wyatt's. People always say that EPC always "block votes" and I will be voting against Councillor Wyatt's motion. I don't think it's necessary. I will then completely cancel out Councillor Fielding's vote because I am in favour of the third motion which he's not in favour of, which is Councillor Eadie and Councillor Havixbeck's motion. I think that actually has some merit to make sure these recommendations get implemented. Do we have some outside help on that? I want to try to wrap up. It's been a long day, Madam Speaker, but with a couple of things which is, you know, and then, Mr. Sanders also indicated that in terms of sending this out for yet another report, we do have the $6,000 a sentence report. Here for $35,000.00 we have 5 sentences on the last audit saying, no, none of the Councillors had admitted any fault in this so I'm very much reluctant to get another review of a review because I think it will give us about as much value as we got for $30,000.00 and 5 sentences. I appreciate Mr. Sanders raising this issue, though. I do think there are problems with that report. In conclusion I want to mention…

Madam Speaker: Councillor Nordman moves extension. All those in favour? Contrary. Carried.

Councillor Mayes: I'll try to conclude with a couple of things, Madam Speaker. I can see why the public would be angry about this but I also can see that we need to be clear we are taking actions. We're not looking to another level of government. We're going to take action. We're going to implement the recommendations. We have the power to do it I want to thank Councillor Vandal who as I was coming up the stairs said to me, "you weren't around for any of this!" And I wasn't around for the last couple of weeks of it. I was around for the water park vote but my feeling is …and Councillor Vandal, to be fair to him, who hasn't spoken much today, was Chair of Public Works throughout most of the material time at least a chunk of the material time and it doesn't pertain to this. We're doing some good work here. There was talk about the national media; well I had the national media call me earlier today about our transit safety initiative that we're doing. About adding police and cadets; adding more Inspectors so we are doing some good things. We're getting some national recognition on that. But I do want to say that it's important and that the point here is not to try and prolong this, try and fob it off to another level of government. If you vote against some of these motions it's not because you want to do nothing. I'd like to see us move forward with the recommendations. Who's responsible? Well we've had 3 or 4 or 5 CAOs. They're all gone. And we can move forward. Mr. Joshi is the Interim Acting CAO. If the next Council chooses a different CAO, I think that's incumbent on the next Council to do so; but I think the important thing to note here Madam Speaker is we have a report. It's from a period in time, 2007 to 2011. I think we're changing the culture that Mr. Craig talked about. Hasn't been easy. Won't be easy going forward but I think we need to implement the recommendations and move forward from there. Thank you.

Madam Speaker: Thank you. Councillor Gerbasi?

Councillor Gerbasi: Thank you, Madam Speaker. Well I think we know that Brian Mayes is innocent so we're good. You know, I'm not going to go through all the details of everything each of us did on the side of good here, but it was myself and Councillor Orlikow that moved the motion that called for the audit today so I thought at least I'd mention that and that Council did unanimously pass that motion. I fully support the recommendations of the audit. I believe strongly that we must implement them as soon as possible. I believe we must do more to restore the public trust in going forward to safeguard the public interest with what we're dealing with today. I read over the audit line by line over the last week. I

appreciate having a little more time to do that. The findings of the audit, my take on it was a very similar finding to the fire/paramedic audit. It was pretty scathing. There were things that happened that should not have happened. It was not always clear whether value for money was obtained in some of these projects. That's something we may never know in some cases. And both audits do point to the former CAO as the lead person on many of the projects that were the most problematic. A person who is no longer employed by the City of Winnipeg. So the result is the public's trust in City Council and the Civic administration has been violated and damaged by some of the things that have gone on here, and even though this audit doesn't look at the political leadership here, it looks at administratively what happened here in all of these instances. We know that there's political leadership that I attribute to the Mayor as the leader of this City. The decision to hire Mr. Sheegl and all of these problems and that is where we are today. The people who worked under the former CAO, as well our current administration, have been put under a shadow of doubt and blame, whether or not they are innocent or there is some evidence… I'm concerned and I've been standing up with points of orders and various things here today. Not because I'm trying to hide anything but I'm trying to be transparent. We all want that. We also have to realize that there are reasons why human resource matters are dealt with in-camera. There are reasons for that. They're respectful workplace reasons. And also being an election season, everybody's nervous and they might try to hurt somebody else to get ahead themselves and I want to recall something that Councillor Smith said to my kids many years ago when I first was elected, we were first elected. He told my kids when they were visiting City Hall, "always find someone to blame". It was just classic Councillor Smith, pretty funny at the time. My kids thought it was quite funny, too. Wasn't sure it was the kind of advice I wanted them to have! But when we make comments in the media about specific staff and specific HR issues, I think that's wrong. I don't care if you're left, right or in between. That shouldn't be happening from Council. We need to respond what's in the audit. HR matters should be dealt with in an appropriate manner and I'm concerned about some of the things that is have gone on here. So I'm just saying that. I think the majority of members of this Council understand that we have a responsibility to be accountable but also be respectful. We've had a chance to ask the administration some questions and I think this has been a very open process today. We've asked our questions…there may even be more for the CAO. We've thoroughly asked questions of the Auditor both in public and in private. I think that's important. Anyway, I believe it's obvious we must accept…we should accept the Auditor's recommendations and put safe guards in place. I think the Auditor summed it up when he first stood up and said the words "this is an audit". That's the first thing that struck me as thank you for clarifying that. I don't actually think that was ever in doubt and clearly the semantics about the title of the audit and various things, I don't think we should be playing those kinds of games. We have the audit. It was done properly according to our Auditor and according to what we have heard here today. The Auditors looked at emails and other real evidence that took place which painted a clear picture in some instances of what went wrong. They had the information they needed. They're accredited professional Auditors. They have a lot of credibility and I think it's pretty safe to go with that report as the story to believe rather than interviewing a disgruntled former employee and whatever was being suggested. The recommendations make sense and include a number of steps to protect the City's and public's interest; thorough and better documentation including more complete reporting; standardized checklists for document retention; clear appraisal guidelines; a more open and fair transparent procurement process. Guidelines on the retention, commission rates and roles of external real estate brokers if they are hired in the future and developing clear, environmental site assessment procedures just to name some of the recommendations and I would imagine that this Council will support these recommendations. But there is a definite feeling that more needs to be done and we're hearing that. That's why the questions were asked by E and forensic specialist, Steve Whitlow, who specializes in fraud investigation and dispute services was asked and he was asked in the Council seminar and asked…for the Provincial justice department to review the EY report and frankly given the amount of public concern, I'm prepared to support that motion fully. I don't see any problem. I think it's wise to get a second opinion. We're not asking them to do a whole other review over top of this. We're asking them to review the report and make sure they agree with that opinion that as to whether or not further action needs to be taken and I think that's prudent and I'm happy to support Councillor Orlikow's motion. I'll speak to the other motions. Also Councillor Wyatt's motion. I know it's challenging when you get these things the morning of the meeting, but I think that this one, sorry, the fairness. I think it's a good idea. I appreciate the clause that has the Auditor reviewing the specifics of it and coming back to that with us but I think this makes a lot of sense. As you know I've been pushing a long time for an ethics commissioner. We're stuck with some of our Charter rights on that regard in terms of having sanctions and other things like we still have issues that we can't do without: cooperation from the Province but I think this could be very useful steps and I'm prepared to support that. Number 3, I'm not 100% sure I fully understand. I know what the intent of that is. I just want to be sure and maybe when the mover of it speaks he can clarify it a little bit more. Obviously the Auditor may and the staff may need some help in finding time to find the capacity to implement all these recommendations cause it's a lot of work to implement all these recommendations so if that is what this is saying, is giving some external support to come in and do that...

Madam Speaker: Councillor Fielding moves extension? All those in favour? Contrary? Carried.

Councillor Gerbasi: …then I'm very supportive of that as well. I look forward to hear more on that but that is the intent of it is to bring in some support to get the work done that we need to get done and oversee that. I think that's okay. So in closing, just like a personal relationship in a political relationship between the public and its government, once trust

has been damaged, it takes a long time to heal. The City has a lot of healing to do, both with the public and between Council and the Public Service and within the Public Service and I remind you in October there will be a new Mayor. There will be a new Council and eventually there will be a new CAO hired once the Council is elected and it will be up to that next Council and administration to follow through and see that these changes are implemented in the long term and that approved accountability practices are put in place. It will also be the job of that new CAO wok with existing and new staff to rebuild the morale and lead the Public Service forward back to a place where the public's trust will be rebuilt. And when I say that, I'm not blaming the Public Service for all of this. I think the Mayor and this Council have some responsibility as well and I'm not saying we don't. I just don't…obviously some people want to throw everyone out, but, I mean, as I think Councillor Mayes addressed that fairly well, many people have tried hard to do what they could to have accountability over the years, for many years some of us and really worked hard for that so I think that should be appreciated by those looking at the situation but we need to move forward in a positive direction so in conclusion I support and am pleased the Mayor is agreeing to adopt the recommendations and to make sure they're implemented and I am in support of the motions as well to add further measures. Thanks you Madam Speaker.

Madam Speaker: Thank you. Councillor Swandel?

Councillor Swandel: Thank you Madam Speaker, I have an important personal engagement in the south end at about 5:30 so I'll have to ask to be excused probably before we're done, but do I want to get a few points on the record. Let us start by saying that when it comes to dealing with the Province, if you truly believe this is an audit, you don't need to support anything further than that, because the audit if you call it that, tells you that there's nothing material. Nothing would rise to the level of materiality so now what you're going to do is you're going to forward something to the Province and the Province is going to turn around and say well the auditor said this is not material and there's nothing here to deal with. That would be the end of the conversation unless you want to politically position something so you can try and make it the Province's issue and then say oh yah, see, it's the same way as those people at the City. So let's look at how those people at the City behave and I'll tell you for all 3 of the amendments, I don't support any of them. I think we've got enough information here; the recommendations are clear…you've got to ask yourself "why did this come about"? And it was good that Mr. Craig used the term "culture of deal making" because I want to remind you how that culture of deal making was created. There was a time in '04, '05, '06 there was talk of running this play more like a business. We need to get dealmakers in here. We needed to get things going. Matter of fact here in some of that time I think the key players and some of that culture of deal making and red tape commissions and our policy advisors were Brian Kelsey and Colin Craig themselves. It's what they wanted. They wanted us to run this place and that is how taxpayers were going to get value. Run this place more like a business. Get deal makers in here. So we went down that path and got deal makers in here. We had an agenda. We had the opportunity to build 4 new fire stations; an opportunity to do the 4 district model and I think at one point it was actually the 3 district model. We had an opportunity or we had a need to deal with the crumbling fire or police headquarters building. And so, and at the same time we had really tight timelines put upon us. It's a theme you're going to see here. It's about context and so you get those timelines put upon you and you start going forward want to get it done and you're all aware of the challenges and you're all aware of all…I look at this and figure let's go to the genesis, the root of this. How did it start? It started when we all agreed when the transit director says we need to do this land swap. We've got to figure out if it's good value. When the transit director says that for the sake of rapid transit, we all say okay, let's get it done. We understand we're dealing with the Winnipeg Square parkade but the business case that was put to us on 3 occasions, I'm surprised that the Auditor did not make reference to any of the business case proposals that were put forward by the Special Operating Agency known as the Winnipeg Parking Authority and what these numbers actually meant to the City at that time. I'm aware of it because I did a great deal of analysis at the time as the Chair of ASD and greatly involved in some of this trying to understand those business plans I must have 30, 50 different spread sheets trying to understand how the value of the Parkade actually is relative…remember Jeff Gold…"Where do you find the time? What are you doing?" But it was a great education because it's not…it's the value to the citizens of the City of Winnipeg that we went after and we did that. And we went out and we got… we knew our value was only about 21 million dollars that was our breaking point, but we also knew…and the reason I asked the question about special purchase and special occasion, we also knew that we could probably push that special purchaser up. We pushed him up to 24 million dollars because that is a special purchaser and an iconic location of Portage and Main. They own the tower that exists there. They will pay more. We were able to push value. If you want to do a property appraisal based on who that purchaser was then you'll get into bigger numbers because they have criteria that are different from ours, but for our purposes and the value of what we were getting out of it and the liability that stood in front of us, we got value and we asked for it. We voted for it. We knew we were doing it. The Winnipeg Police Services Headquarters acquisition of Canada Post…this thing is so clearly… you know that report so clear on why we did this acquisition. It was a sole-source government to government. It's an opportunity. When you read the stuff about appraisals and you read the stuff about value for money, there is an opportunity value that exists. We were given the opportunity to acquire that strategic piece of property. At the time when we were told we had to be out of the police headquarters building by 2014 and here's what this means and here's the added value of being in that location downtown; having that proximity to the court building…that's just what the report told us. That's why we went after that value. That's why we got dealmakers involved. That's why we used our culture of deal making. We made deals

to get what's in the best interests of the citizens of the City of Winnipeg. You know, Councillor Gerbasi made the comment that we're elected to protect and to enhance the public trust. The public entrusted us to get things done. And we did. I don't argue we got some of them done ugly; I get that and the recommendations will make it real easy to get away from getting things done ugly in the future. But I will tell you this, the next time value is presented to you, all of you will agree that we're not using those processes and procedures because there is value in front of us and we want that value for our citizens and that's what we did. We went after that value. You know, you really all have to get away from your personal agendas and positioning of things politically and try to put these things in context because if you go to the context of where they started from and got to where they are now, and you look at that context, you truly can see the value that we've created. We created a great deal of value. I'll repeat it again. 4 new fire stations, two new police stations, a brand new Police headquarters. Chief Peguis Trail. Disraeli Bridge. That was that culture of deal making. The stadium. We've got an NHL hockey team back in our town. We got a new airport. A new public works East Yards building and that huge…who was out for that Transit garage opening to see that building? The citizens don't even know that we've built it. It's the size of 3 bloody football fields. We did that using this culture of deal making. There's a huge amount of value that's created so…audits are good for what they're supposed to do but not for what they're not supposed to do and what they're not supposed to do is just keep beating yourselves up over and over again. You get elected to make this place a better place. I think we've made this place a better place but we're going to wallow in this muck so we can say never mind how great this place is right now. Never mind that. Let's just get in the muck. Let's get in the muck, Madam Speaker. The place that I live in and I love, I see a great deal of value and we spent more on infrastructure in the last 10 years than any decade in the history of the City of Winnipeg and you can do that with present value and dollars. We've done it. We've accomplished more…you've never seen this type of stuff done that we've done If you want to go into some of them multi-year processes, be prepared for stagnation. Get ready to slow down but I know you won't. I know you won't slow down because when value presents itself I truly believe that each and every one of you, as leaders of this city, would stand up and grab that value again. Don't beat each other up when we're done at the end and look that ugly, but when you see the value, you're going to stand up and you're going to grab it. Some of us will represent that that wasn't value but I think the reports, the information even included in the audit clearly show that a great deal of value was achieved. Thank you.

Madam Speaker: Thank you. Any further speakers? Councillor Browaty.

Councillor Browaty: Thank you, Madam Speaker. In regards…before we start my time, some clarification from the Public Service page 154 in regards to the Polo Park stadium site, specifically the management response on land dedication. Do the Public Service feel it was reasonable for Council and the Standing Policy Committee on Property and Development to expect that as part of the survey plan that the City would absorb the costs of the land dedication and remove that from the proceeds of the sale of that?

Madam Speaker: Mr. Joshi.

Interim Acting CAO: Sorry, Madam Speaker, just trying to find my notes on the Polo Park. Madam Speaker, what I can say is, from my recollection, there was a sale transaction that occurred. It was as reported for 30 million and 30.25 million dollars was the sale for the Polo Park lands to a developer and as part of that sale there was a requirement to do the survey work required to make sure the property was prepared properly. As part of the negotiation process, it was determined, from my understanding, that there was an identification after the sale of the property was identified, the City inadvertently had not identified some of the property that was needed through its due diligence process report; went out to sell the property when it was declared surplus The certain amount widening of St. Matthews. After which when it was discovered that they had the agreement that the sale had occurred, but it was understood that there was still a requirement to do the subdivision or the survey work so as part of the preparation of the land, it was agreed the value of that difference for that land that would have been rightfully reduced and the per acreage reduced that that would be as part of the preparation out of the land operating reserve so I think the misunderstanding there is that there wasn't anything collected for the land dedication. It was in fact. It was paid out of the land operating reserve as would be for any of the lands that the City uses to prepare. That was part of the negotiating process as part of the overall process when the transaction completed. I hope that answers your question, Madam Speaker.

Madam Speaker: Thank you.

Councillor Browaty: Okay. I'll start my time then. Thank you very much. It still appears to me, though, that the adjustment for the developers' portion of the improvement to St. Matthews with the compensation for that 1.7 acres, but I'm not going to, again, get into the nitty-gritty details on that at this point. I think we have a good audit before us here and we've got a good plan now to move forward on in terms of improving the processes and that within our real estate division. I'm going to support, of course fully, the audit's recommendation and will be supporting motion number 3 for sure which specifies that we make sure that these audit recommendations are fully implemented. I really don't have a

ton to say beyond that, again it's been long coming and it will be good to have some resolution on the matters here before us. Thank you.

Madam Speaker: Thank you. Any further speakers? Councillor Vandal.

Councillor Vandal: Thank you Madam Speaker. It's been a long day. There's been a lot of information. It's a huge audit report and it is an audit report in my mind. One of the first things I did is I checked out the recommendations from the new fire paramedic station construction audit that we have. It's actually not called an audit report. It is called a station construction project review for what that matters and speaking of the fire paramedic audit, Madam Speaker, I'm going to essentially repeat what I said way back in October when that review came forward and that basically the whole thing is a mess. Whether you choose to recognize it or whether you don't choose to recognize it, this Council has lost the confidence of the citizens that we serve. And I want to harken back to Councillor Swandel's speech cause it was a very good speech and I don't doubt that there was value created and built and I know in my ward the fire station in Sage Creek is loved by the people that live there. On an annual basis I have the open house and 100s and 100s of people come out and they really enjoy it and it's needed, Madam Speaker. But prior to when Colin Craig was working for the City and Brian Kelsey was working for the City, the City did have momentum as well. We constructed the MTS Centre. We constructed the Red River Community College right here in the Exchange District. We constructed Waterfront Drive. We constructed the Millennium Library with other levels of government, with the private sector. We constructed Esplanade Riel which was hugely criticized for being over budget. In fact I remember the Prime Minister of Canada. The now Prime Minister of Canada coming to the St. Boniface side of Esplanade Riel and decried it as a gross example of government waste, Madam Speaker. But we didn't do those ugly. We didn't do those by skirting the rules. We didn't do those by selecting and giving certain developers inside information or giving certain developers lucrative work without the proper authorizations. We didn't increase commissions without the documentation being there. We didn't list properties for sale without the proper authorization. We didn't hire special advisors without anyone knowing really what they were doing, Madam Speaker. We did it within the realm of good strong public service. Before this entire context and this entire spirit of just let's get the deal done no matter what and if we need to do it let's do it ugly because we're building value. We built value from '98 to '06-'05 without doing it ugly, Madam Speaker and that's what Winnipeggers are concerned about. And we've all said it and I'm not going to repeat it. Read the audit report. You have the information that people are getting prior…that developers are getting prior to any other developers having access to it and it is the same thing, Madam Speaker, the same issue in the fire paramedic audit and that is what we have to move beyond and that's why it's important that we work together and that we make the changes necessary to ensure that this sort of doing it ugly never happens again, Madam Speaker. And I think it's time to just go back to old fashioned public administration 101 where you do your due diligence from an administrative perspective. There is a reason why individuals go to school for 3 or 4 years and get properly trained to deal with the public sector. Because it's not the private sector. And I remember once a former CFO actually, once told me that the big difference between the private sector and the public sector is that the public sector has many bottom lines. The public sector, excuse me, has many bottom lines and the private sector is fairly simple with the bottom line, it's just making money for your shareholders. The public sector has very many bottom lines which is why you need the proper procedures, because you're dealing with public money Madam Speaker. All this to say, all this to say is that I'll be supporting...I understand the Mayor has moved a motion that we are concurring with the recommendations of the audit to move it forward and on the audit itself, let's face it. There's 1500…all sorts of information in there that…and I don't think for a minute it's all accurate or as Councillor Swandel says: once you contextualize it; once you actually read the responses from the administration and you read back and forth, which takes a lot of time. You can't do it in 3 or 4 hours and expect to have the full impact but once you contextualize it I think a lot of it is…the edge is taken off, but nevertheless there is some very scathing details in this audit report. And let me give you some examples. Example number 1: Something I found interesting and I didn't know about is that the Public Service and the management response to the recommendations. The Public Service currently adheres to the administrative directive which limits the size of reports being presented to Council. I didn't know that. I don't know how many actual City Councillors knew that but I think that we all want to encourage strong reports with strong language, concise, decisive. No one wants to read fluff for 25 pages. But on the other hand, there's some information that is simply complex and needs to be presented to Council and I sure am concerned that that information is not getting to us because it's too long; that we don't have time to read it. I think that's something we need to look at and something else I found very interesting because it really strikes to what Councillor Swandel was talking about…what I talked about: we need to establish guidelines on the retention of external real estate brokers. That's administration 101 in my book. But the management agrees and they said "the use of the broker program was introduced in 2008 as a means of managing workloads due to significant staffing reductions" which was a total of 6 senior positions and employees. Which may not sound a lot like a lot of employees on the entire City of Winnipeg but when you talk the real estate department, which I believe they're talking about, it is a sizable chunk of employees that are no longer there who ordinarily would be there to handling these complex real estate transactions. So Madam Speaker, much like the fire paramedic audits, I think we have no choice. We have to concur with the recommendations. We need to do everything that we can to ensure that these sorts of shortcuts, these sorts of "we don't need to follow this policy and procedure. We just need to get it done no

matter what" doesn't happen again, Madam Speaker. We, as I said before, we've lost the trust and confidence of those we represent…

Madam Speaker: Councillor Wyatt moves extension. All those in favour? Opposed? Carried.

Councillor Vandal: …and I think that that is what really makes this so damning to us as elected officials. I think there's a very good argument that we could bring forward, the value argument, but people don't understand that. People look at the scandal, innuendo, the stuff the media report on, Madam Speaker so I'm proud to support the recommendations. I'm happy that the Mayor has moved concurrence with the recommendations and we need to move forward on this and create better systems. Thank you.

Madam Speaker: Thank you. Councillor Eadie.

Councillor Eadie: Just for clarification, I also get to close on the other motion after this, right?

Madam Speaker: Yes.

Councillor Eadie: I just want to speak to the overall real estate audit at this point. I'm not going to speak to the motion that I moved but so Madam Speaker, it's really concerned me that through the window, I guess there's a lot of transparency looking in and trying to judge people about who is responsible. We heard a presentation from Councillor Mayes. What amazes me is how some of the public's mistrust of us and expectations of what the City Councillor does or doesn't do or what the Mayor, in fact, does or doesn't do, I want to get this out straight first: City Councillors cannot spend all their time working on deals that are happening in the ward and Councillor Gerbasi has mentioned that a number of these projects are in her ward and I can't see how anybody can try to hold you responsible because you didn't stay up on top of all the detailed negotiations about what's going on at, for example, the new Winnipeg Police Headquarters. Really. Councillors can't do that. That's not what we do. We work on policy. We work and make sure that all the structures and systems are actually there in order for us move forward and yes, we do have to look at building value in terms of the City of Winnipeg. We do need fire halls. We have to deliver that service. We need a Police headquarters. We have to deliver services out of there. We need to actually deliver a rapid transit system as well. Every major city pretty well in the world is having to have some sort of rapid transit…so we need to continually do these things but I think Councillor Vandal, really I'm not going to speak too much to the need but we are a public entity and I think he expressed why we need to have these. We are not a private sector operation and as I've been continually saying since I was elected, we're expected to take care of the public interests, the public funds to make sure that they are expended …yes, we need to be of value but, you know what, you can't just go ahead and do processes because you…ignore processes because you're going to build value. When we're dealing with the private sector and many transactions are dealing with private sector enterprises who are there to make their bottom line and we know that. Clearly in this audit report the Auditors have made it clear they couldn't see any criminal aspects from our side or the other side and I think that we should respect that we should respect that position so then we have to wait and say we heard a presentation from Mr. Saunders and, yes, the Auditor has the ability to run an inquiry in regards to any of this with the full protections and the powers under the Manitoba Evidence Act part 5. There's no doubt about that and I don't think that the Auditor here has seen a reason to actually implement or take that power and move forward on that. We have to respect that our Auditor, we hired him; I wasn't on Council when he was hired but he is qualified to do his job, we know that, he was hired and we'll leave it at that. What I will talk about. This audit and review audit, whatever you want to call it, it is an audit. But its scope did not include dealing with were there violations of the employee code of conducts, other manner within...they were not asked to evaluate in those perspectives. I will point out in some of my questioning and there's some of these issues here that, you know, we're accusing the Auditor. E&Y…maybe not accusing them but "why didn't you interview certain individuals" and really to interview and to make public their rationale is to sort of say they're trying to deal with what the public's perception is of those particular people so the former CAO Mr. Phil Sheegl, Shindico and they're a business, right? They don't like the public perspective or consideration that's being given to them so they wanted an opportunity to speak or be questioned. Well, that's fine but in terms of the only reason I can see here to talk to the former CAO and I did call for this. I was calling for…we need to have the code of conduct committee called to look at some of our conflicts and employee code of conduct matters and they're here. So the only reason I can see to talk to Mr. Sheegl here is for them but it's not in their scope but what should have happened at the time some of these things were going on is that we should have been, the Executive Policy Committee, should have been calling that code of conduct committee together to investigate and look at some of this stuff. Some of it is more recent and we just learned about it in the audit and this person is no longer employed by us, but clearly here I can see a reason in this report to move ahead on what I was considering a motion I sent to all the Councillors and said on CBC I was going to do. In hindsight I look at that and say well are we going to take all of the administration to task and look at them under the lens of an employee code of conduct and do that? Through more thought and thinking about that I don't think that's fair. Yes, there is a mistrust with City Council and there is a mistrust with our existing administration and I know that our existing acting administrator has tried to restore trust in the process and do that because I frankly believe we have an excellent

City administration. People who are quite good at doing their jobs and I think what had happened was and whether you like it or not, as we have heard from Councillor Vandal and Councillor Swandel, it is very clear that there was a certain culture established, I believe, through this city that turned out not to be so good in certain circumstances. In other circumstances it turned worked out great. We're lucky. We made money on the gravel, whatever. But the point is simply we can't and we do need to restore trust in our administration and when we need to go out and implement anything we're passing and making decisions that we can be confident in that those recommendations that may come to us are solid and firm because Colin Craig said; "Well, Council didn't ask the right questions". I have to say that in a billion dollar operation in this City, and I don't know what the total value of our assets are, maybe someone can mention it, but if you added up the value of the assets it has to be 100 billion dollars. Who knows what the value of everything is. But the point is there are so many different operations for so many things. For the public to expect us to be able to ask the right specific question is ridiculous. Ridiculous. I have certain expertises. I know what questions to ask in certain circumstances however Councillor Swandel for example, knows all the right questions to ask when it comes to real estate, obviously he's an expert; so leave it at that but for the public to believe that, and I hope this goes out to the public, the reality is that if Councillors, I think we're all trying to make things work and the last year or so there has been more of an attempt to, I hope to change the process and we are and have to change and the administration knows that we have to resource them properly to do their jobs appropriately as well because I know a number of departments are under a lot of strain to do their thing. So leaving this audit, just to conclude on the particular overall audit and concerns, I think that Ernst and Young LLP did a great job and they did their work and I will say for me it was very difficult for me to listen to questions about questioning the Auditor about how much money or what the budget is because in that audit it's very clear in the Charter, that the Auditor, he did change the scope. What he did is increase the work because I think as things were proceeding, he noted that there was a need to expand the amount of work to do and he has that ability to do that and make sure it gets done; especially when I hear all these things that our audit department has demanded to know. So I'll leave that on the interest and of course I support all the recommendations from Ernst and Young and I'm glad that they also pointed out that the sector we're in, the industry sector we are in is the Public Service of government. Not a company or private sector operation. Thanks.

Madam Speaker: Thank you. , Councillor Steen.

Councillor Steen: Madam Speaker, I just want to say sometimes we forget all the great things we've done in this City in the last while and other Cities look at us and see all the fantastic things that have been going on in this city and you can't really tell on this City Council that we've done just an unbelievable job. We've got new airport, new stadium, we've got so many things going on in Winnipeg and all we do is bitch and we do have better rules now, too, and all that, but if you look at the media and since October it's been ridiculous to be on City Council and it doesn't reflect on what's going on in our City at all because we have done a fantastic job with the leadership of our Mayor. It's been a fantastic pleasure to be here for 3 years and this year has not been so much fun. Thank you.

Madam Speaker: Thank you. Any further speakers? Councillor Nordman.

Councillor Nordman: Well, I kept my powder dry here for most of the day so I should put my thoughts on the record. I couldn't agree more with Councillor Steen and likewise with Councillor Swandel. We've done it ugly. I can't disagree with that. But at the end of the day what we have provided our citizens with is more facilities, more benefits, more assets and I think there should be some degree of appreciation for that. How we got to the process, I'd like to, you know, endorse the 17 recommendations and make sure that, you know, as we move forward in a new Council come October that we implement those and make sure we do the due diligence appropriately but it's real difficult to go back and I would like to just take a moment and thank our acting CAO for the direction he has given over the last year and a half and I think that when we do implement a new Chief Administrative Officer under the new Council, I think the course will have been corrected and we are going to carry on with the great things Councillor Steen talked about and look forward to participating in that come November so I'll be supporting the motion by the Mayor. I won't be supporting any of the motions put forward today.

Madam Speaker: Thank you. We will now close on the motions in reverse order. Councillor Eadie, do you wish to close?

Councillor Eadie: Oh, sorry! Madam Speaker, point of order. I didn't realize…I should read my e-mail. Somebody has asked for a legal analysis of our motions being presented here in the Council chambers and just trying to review in regards to my particular motion as to what Legal's concern is. I don't know if we can accept Legal's so-called advice here.

Madam Speaker: Councillor Eadie, I can have the Clerks read the wording from the e-mail from Legal if you like.

Councillor Eadie: Well simply they're saying there is that third part of the result about the CAO arranging resources, right? They're calling into question whether or not it's Council apparently with the budget or whatever in reference to money; I think they're about. On motion 3 their only concern was the reference to the acting CAO. The rest of the motion it sounds like is okay. And we can put this in there with the Auditor and the identifier and to move forward with the independent agency that would help to ensure that the recommendation within and it's just friendly for me to drop the third party? Thank you.

Madam Speaker: Is that a friendly amendment?

Councillor Eadie: Oh, yes. That's fine. The recommendation is still coming through and the motion is quite clear so it's going to…it will still continue. The Auditor will have to identify, of course, in regards to helping the Auditor do his thing so in closing on this particular motion, again, over the last 2 years or whatever we had all these audits and different processes that need to change and our City administration has many, many recommendations to try to implement and do besides some of the other reviews like the Public Works Department review, whatever. And those aren't the same people that would be working on this but obviously our City administration is having to do and I believe that ultimately I think that this is very important to have this independent agency who will assist the City Auditor and the City Auditor will report on the progress of all the recommendations that are adopted today through this report or what have you and so I just leave it at that. It's simply a need to ensure that the Auditor…that the City progress and implement these recommendations; which some of them are going to be fairly substantial in order to implement, I think. So thank you.

Madam Speaker: Yes?

Councillor Orlikow: I hope I'm not too late. When I close, am I closing only on the closing of that motion or can I speak on the overall audit recommendation as well?

Madam Speaker: Yes.

Councillor Orlikow: Both at the same time?

Madam Speaker: Well, you're supposed to speak before we started closing. You can address it in the closing. Okay, next is Councillor Wyatt to close on motion 2.

Councillor Wyatt: Thank you, Madam Speaker. The motion before you is self-explanatory. I do have also, I think Legal has also sent…so I just want to be clear what they're suggesting and I have no issue with the suggestions from Legal saying in terms of the first "Therefore be it Resolved" that the Ernst and Young real estate management that the word review be changed to recommendations so the words review be changed to "the recommendations" be amended. That's fine. And the final "Be it resolved" that the Auditor report to Council in consultation with Legal Services is the other recommendation and I have no problem with that being added as well and I'm sure that the seconder, since it's a friendly amendment, would have no issue as well. I just want to make sure that Council is made aware of that. I think it's very clear, you know, Madam Speaker, that the results of this audit and all of the discussions and the information coming forward has shaken the public confidence of our City and specifically City Hall and the Public Service. There is much that's been made by some that the real estate audit was not an audit but a review and therefore implying it was not objective or accurate. I believe, however, that the real estate audit, and I've had the chance to go through it, the reasons dealt with the City's ability to conduct real estate transactions in the fair and open and transparent manner and that's at the very least and at the very worst this audit causes one to shake one's head and shaking the public confidence in our ability to govern. Either way it is necessary, if we want to restore the public's confidence and trust as government. As the representative of democracy we must ensure that there is any doubt, 0 corruption or perception of corruption in this body of government and the fact is that has been shaken and the words "troubling and concerning" being said over and over again by the auditors here today speaks to the issue at hand. At the core, that's what folks really want. They want their representatives and the people they hire in government, whether it be Municipal, Provincial or Federal to be working for them and not for themselves and that is at the heart of what we're speaking about today. The Auditor brought forward the recommendations before us. He indicates he supports the recommendations. We're amending and hopefully will add to the recommendations. As how has been pointed out by another Councillor, the Auditor does have the full authority under the law set out under the Charter and under the Manitoba Evidence Act, section 5, to call an inquiry, to hire who he needs to hire and go and have the powers of the investigation that some have said is necessary. And I would say this, Madam Speaker, and that is that if the Auditor is truly…if there is a sense that there is trouble or there's concerns and that these recommendations that are before us today do not address those concerns, it is incumbent on the Auditor and what we heard today from the Auditor, that he does not need a recommendation, a motion, an action by this Council. He can, on his own, investigate something if he feels there is a need to do so and use the powers ceded to him under the Charter by the Provincial government. So at the end of the day, if these recommendations and the motions that we're moving to amend, address the concerns in terms of being

troubling and concerning and all the issues and concerns that have been in the eyes of the public, for the last number of months; if this addresses it in the eyes of the Auditor, the Auditor, I'm assuming, would not pursue that option. If it does not then I implore the Auditor to go down that road because he does have the powers to do those things and to actually open up the full investigation and an inquiry similar to a public inquiry. And there's no doubt, Madam Speaker, that if we were to do that, and if the Auditor were to do that, I should say, that there would in no doubt cast a shadow over the City for the next year or two or more. But it should be noted if the Auditor felt that was necessary and those actions are required, it would be, I hope, with the understanding that by doing nothing, the consequences for our City and our society into the future could be grave in ways and means and that are not self-evident to us today in terms of what could happen in the future. So we must not only keep that in mind and the Auditor I would encourage to keep in mind in terms of restoring public trust in our Municipal government, more importantly we must ensure it's not a question of just the perception of trust but has to be the reality the Municipal government is not corrupt, is transparent; is open; is fair and judicious when it comes to how it handles its assets, its lands, its finances. I believe Madam Speaker, that no system of government is perfect. That ultimately, you know, we had this experiment of democracy really in the modern world for literally the last 300 years or so and we in the City of Winnipeg, in many ways, it's even younger and in the last two decades we've made huge changes to this Council and to how we govern the City. From the size of Council being reduced, to the powers being transferred Council to the Mayor's office; to the powers of EPC. I believe that as it stands right now, the checks and balances probably aren't the way that ultimately should demonstrate or perform a government that is efficient and effective into the future. I'm not a fan of the strong Mayor model. And it's not a reflection on the Mayor today. I believe you build a model not based on who is in office but whoever is in office. The checks and balances should be there. And I believe that the powers we put into one hand, one office's hands, are so great that ultimately I think it does have an effect on our ability to governor effectively and I believe that if we don't address that in the future Madam Speaker, we could be in the next 10-15 years or so facing similar challenges as a Council. So I think it is something that we should really consider. The Mayor actually I think reflected on that and actually made a recommendation which was carried by Council to take away part of the power in terms of having appointments given to the floor of Council. Frankly I think all appointments probably should go to the floor of Council. The Mayor will still have, whoever the future Mayor is, with that ability to form, the ability to influence; the ability to get public policy done by the fact the Mayor is the only one…he or she is elected at large by the citizens of Winnipeg. Ultimately I think the challenges being affected is directly that from my reflection in terms of what I've read and what's taken place. The Public Service, ironically, I think has worked and pushed and followed, if you like, the direction and the political direction and the political direction and the power that rests right now, I think we have to look at reforming that, Madam Speaker. It can't continue the way it is, Madam Speaker. At the same time, I also know that when you have that power and you have the hammer, just as much as the pressure is on you to perform, the responsibility there is huge. And every great thing that comes forward in the City and the Mayor sees and hears. Every problem, though, that comes forward, that Mayor sees and hears on a daily basis. It's not an effective way. And when you look back to the origins of the concept of a Council, it's exactly that, Madam Speaker. The idea we're supposed to be governing as a Council. Not as an EPC Council. Not as a select group but as a Council and that's what we've lost and we've lost that and we have this aberration, if we want to call it, in the last number of years where, and as we pointed out, someone was appointed…the former CAO was appointed into the position which many of us did not support on the floor and we feel and I feel that a lot of these things could have been avoided if that decision had been different. Those are my comments, Madam Speaker. I hope that Council supports the amendments and with revisions from Legal and the recommendations of the Auditor. Thank you.

Madam Speaker: Thank you. Councillor Orlikow to close on motion 1?

Councillor Orlikow: Thank you, Madam Speaker. So quickly I am happy to learn today we will be accepting, hopefully, the recommendations that are there and these are the ones in the EY audit. It's a step. It's a step. If that is the only step we make, I think we're in trouble. We had audits before; we've had recommendations before and I don't think the public is going to say great, change the policy book and now we you trust completely and you're fine. I don't believe that's going to happen. To do what we need to do which I believe is a culture change from a model where I did not feel completely engaged to make my decisions forward. That's a cultural thing, I believe inside our City Hall that's not a policy book and that's how we decide when those questions come forward, should I release this information or not release this information? That's not policy to accept. That's the thing we have to decide. You know what, Council is supreme. I don't blame our administration. We, as Council, are supreme. We are the ones who decide how to govern ourselves and the City. That is our job. Sure within the Charter. So I understand that. So again, we as Council now have the responsibility to take this opportunity. And I call this an opportunity to move this forward. We have the audit in front of us. They're good recommendations. We have audits from before. They have recommendations but I'm not sure they have been implemented as well. But again, just to say we accept them. Let's move on. Life is okay. The public and myself, will not feel comfortable going that route. We need to have other mechanisms. I believe today's format wasn't a good format. I know it's confusing, but it wasn't a good format for us to be able to ask specific questions of the administration. To actually get down to some of the details and get some clarification. Seminar. We had the seminar…yeah, we had the seminar. Everyone got the report at that moment. How did we have this public discourse? It's a good idea to have a public discourse. To talk about some of these things openly and all the things we can talk

about openly because it's confidential for a reason. So, again, if Council just wants to say today, well, we take the recommendations. We're all good. Public, you should love us now. Look at all the great things we've done in the past. Let's talk about the great things that we've done. Yes, there have been good things here. There are. But can I go to the public and say we've got the best value for this? Was the police headquarters the best idea for us? I can't say that. I still can't say that. Is that the best option we have? I don't know because that was the option we're given and I'm not sure if that was the best option still. When I look at it, should we maybe just had…we talk about other proponents coming forward for the building as well. Again, we're giving only certain pieces of information that lead us to a conclusion that's already decided. That shouldn't be the way it goes. Democracy requires good information so we all can make our decisions on an equal playing field. Again, I used to assume that EPC was very diligent on this and they had all this information. I'm quite confident now they didn't as well. Why? EPC didn't? I don't know. But that was very disturbing and the first part that EPC was given information and the rest of Council wasn't. I was disturbed about that. Now I'm actually more disturbed that no one had that information. Again, that's Council. That's our job as Council to make sure that we're receiving the information we need. So again we do have some good things going on. Could we have done it at half the price? I don't know. Again, because we are directed down the line that is missing pieces of information that may have changed our decision making. So, again, just to accept the recommendations today to find and, again, I'm amazed that we're at least getting back. That should be a no brainer. This morning I wasn't sure if we'd get that. So I'm very happy about that one piece. But we can't just leave it at that. The recommendations themselves are incredibly complicated. They have cultural issues; they're going to have staffing issues; they're going to have HR issues. They're going to have a whole bunch of things it's going to be very difficult to implement all these to make sure we're following it. I'm not sure how Council is going to make sure that we are following all this. We don't have anything in front of us. We have some motions today to try to do that. That's why these motions are coming forward. So why would I suggest…we heard some people say "pawn it off to the Province to do for us"? Absolutely not. Absolutely not. What we're doing and what that motion is today is to refer it for review. That will allow the public…they may come back in a day and say we're not touching it. You have all the responsibility there. That's fine. The Province…or they may say: "We looked at it and you're all good!" Wouldn't we all want that? Wouldn't that be great? That would be one check mark on our path towards regaining that public confidence where we can go out there and say, yeah, this is a great value. We all agree this is a wonderful thing for all of us and we have great value from it. So, again, I was very careful when I wrote this motion. It was for a review. And that was it. And again, the recommendations from the Legal department that just came through, informed by the Clerk it's just a word change. No problem. So, again, why wouldn't we all want to have the Province say no problem? "You guys, there's nothing to look here." A third party, a third party. Not a third party that we hired. A real third party that's over there who's actually our boss under the Winnipeg Charter. They're the ones that give us the power. I believe the Province should be looking at this. Not only to say: "You know what, City of Winnipeg, you're on board. You're on the right path. Good job. Nothing to see here". That's what I hope will happen from this. Again, it is one piece of the puzzle to move this thing forward. It's not going to cost us huge amounts of money. I don't think it's going to cost us anything. But again, it's one step forward. So again, I do appreciate there have been some wonderful things that happen in the City of Winnipeg, but can I go out there to the public and say that was the best value for money that we could have got? I don't think so. I mentioned this in the BRT debate. I don't believe we're getting the value there. We're all going to disagree at times and that's called democracy. That's the whole point of this. We all have the same information, the same drive forward to be the best we can be for Winnipeggers so we can have the best city ever and we all share that. We are the collective. I can sit here and say I didn't vote for that. I didn't vote for that. It doesn't matter. The public doesn't care. We are all part of Council. It is our sole responsibility to make sure this happens and we need to do everything in our powers to try to regain that public trust; to be able to say to people in the future "You have got good value and here's why" and I can go out there proudly and say I had all the information I needed to make my decision. It's a good decision and you should be very proud, Winnipeggers. But again I can't just do that because I'm being told to do that or, "John, do that because I say so". That's just not proper due diligence. So, again, the recommendations by themselves are great but if they don't have some teeth to make sure that actually it's going to be flowing through rather than just adding to a book, and then we'll let the administration try to figure it out themselves that is not the way forward. We're going to be stuck in this for 4 more years, if we get elected again. But again, if we don't get elected again, we aren't here about ourselves; we're not here about our administration; we're not here for individuals. We're here to create policies that will stand alone by themselves. Policies that will be in place to benefit everyone for the future. For today and in the future, we govern. And that's our job. So again, if you believe that we accept the recommendation and we're all good and that's all we need to do to regain the public's trust, then to make sure we're getting all the value, then vote that way. I understand. I disagree. So I believe that we should be looking at just a review. A requesting for a review. That's only what I'm suggesting here. I'm not suggesting any illegal activity. The Auditor was quite clear, within his scope and his mandate provided through the ROI that that's what he saw, but again, his scope was limited. Again, so why wouldn't we send it to the Province for a review. They may say "No thank you. Deal with it ourselves". Then they say that. And that's fine. But again, that value would be better. But again we got to keep this moving forward. We need to be showing the public that this is going to be a difficult task to move this thing forward. To make sure that these mistakes or these things that happen don't happen again. It's going to take a while to regain that trust and I don't believe that by just accepting these recommendations as is, we will be doing that. So, again, for myself and all of us and for Winnipeggers in the future, today and tomorrow, I believe that Council should be coming up with a better plan to make sure that we're

implementing, not just accepting and walking away and putting your head in the sand, that we are actually implementing these. We're going to stay on board. We're going to make sure that these policies that we're doing are followed and the public trust is regained and people are getting the full value for money. So that's why I hope that Council would support my motion.

Madam Speaker: Thank you. Mr. Mayor to close.

Mayor Katz: Thank you, Madam Speaker. I think first of all, you know I moved the motion to accept all the recommendations from Ernst and Young. I am pleased that we were able to get some clarifications on some of their thoughts and opinions which I think cleared up certain issues which I don't think were represented fairly by others. I will say that I am genuinely concerned and I would have thought more members of Council would have been concerned with the fact that this report was leaked to the media before any of us even got to see it. I thought there might have been a motion or something to look further into that but that appears not to be the case but I think that is a serious issue. Only a few Councillors have expressed. They're distraught over that and I think they should be. And I can tell you that I still believe it's unfortunate that none of the CAOs in these transactions were interviewed. That our CFO wasn't interviewed. That nobody from Materials Management was interviewed as well as our Appraisers in two different departments were not interviewed; as well as Corporate Finance. I think they should have definitely been…I said that. I know some people think they should, some people think they shouldn't; whatever the case may be. But I will tell you one of the things that I do have a problem with is that there was a I guess, a cover yourself on page 43 regarding this report and how none of it could be made public and neither our City Auditor or E&Y made any member of Council aware of that. It is public now. It's we, Council, that are basically the ones who could be subject to a lawsuit. E&Y is now off the hook. It's us that could be because something that was stated was inaccurate. Let's just hope that does not happen, which is certainly a possibility. I think in the end, making your process better, it appears I think everyone is in agreement with that, so we should move forward. By the same token I've heard a lot of comments that have been made. I think that this Council and Councils before them and before them have always done things to improve the City. I'm hoping that will be the case in the future and always to improve our City to make it a better place to live and to work and play and to invest. Many wonderful things have been accomplished and, God willing, more will be accomplished. But as far as this issue is concerned, I think we should definitely be accepting the recommendations. I will go and tell you right now that after hearing from E&Y that there is no wrong doing. After hearing that, the Auditor has the ability to do further investigation and has chosen not to. I will not be supporting motion 1.

Madam Speaker: Thank you. We will now vote on the motions in reverse order. We'll start with motion number 3 moved by the Councillor Eadie and seconded by Councillor Havixbeck. Call for a recorded vote. Okay. All those in favour, please rise.

A RECORDED VOTE was taken the result being as follows:

Yeas

His Worship Mayor Katz. Councillors Browaty, Eadie, Gerbasi, Havixbeck, Mayes, Orlikow, Pagtakhan, Smith, Steen, Vandal, Wyatt and Madam Speaker Councillor Sharma

Nays

Councillors Fielding and Nordman

City Clerk: The vote Madam Speaker, Yeas 13, Nays 2.

Madam Speaker: The motion is carried. Motion number 2 by Councillor Wyatt, seconded by Councillor Fielding. All those in favour? Recorded vote again. All those in favour, please rise.

A RECORDED VOTE was taken the result being as follows:

Yeas

His Worship Mayor Katz, Councillors Browaty, Eadie, Fielding, Gerbasi, Havixbeck, Orlikow, Pagtakhan, Steen, Vandal, Wyatt and Madam Speaker Councillor Sharma

Nays

Councillors Mayes, Nordman and Smith

City Clerk: The vote Madam Speaker: Yeas 12, Nays 3.

Madam Speaker: Motion is carried. Motion number 1 by Councillor Orlikow and seconded by Councillor Wyatt. All those in favour, please rise.

A RECORDED VOTE was taken the result being as follows:

Yeas

Councillors Browaty, Eadie, Fielding, Gerbasi, Havixbeck, Orlikow, Vandal, Wyatt.

Nays

His Worship Mayor Katz, Councillors Mayes, Nordman, Pagtakhan, Smith, Steen and Madam Speaker Councillor Sharma.

City Clerk: The vote Madam Speaker Yeas 8, Nays 7.

Madam Speaker: Motion is carried. Now we will vote on the original item as amended. All those in favour, please rise. I think it's unanimous. Okay. All those opposed? Okay, motion is carried. Item is carried. We'll move now onto item number 2. We'll have the Clerk read the item. Mr. Clerk.

Item 2 - Final Report from Ernst and Young on the Results of Interviews with City Council regarding Fire Paramedic Stations Construction Projects Review

Mayor Katz: Madam Speaker, I move that item 2 be adopted.

Madam Speaker: All those in favour? Contrary? Carried. Councillor Steen will move adjournment. Roll call.

ROLL CALL

Clerk: Madam Speaker Councillor Sharma, His Worship Mayor Katz, Councillors Browaty, Eadie, Fielding, Gerbasi, Havixbeck, Mayes, Nordman, Orlikow, Pagtakhan, Smith, Steen, Vandal and Councillor Wyatt.

Council adjourned at 5:58 p.m.