Minutes – Executive Policy Committee – April 20, 2016

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 12, 2016

Item No. 13 Public Safety Building and Civic Centre Car Park: Evaluation of Strategic Alternatives and Associated Implications for the Former Canada Post Tower Located at 266 Graham Avenue (Fort Rouge – East Fort Garry Ward)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the following to Council:

1. That based on the findings and information presented in the report "Evaluation of Strategic Alternatives for the Public Safety Building and Civic Centre Car Park", alternative A "Large Public Space & Private Development" be selected for implementation, subject to a public engagement, and upon completion of the public engagement, the Winnipeg Public Service report back to Council for approval.

2. That the Winnipeg Public Service develop an Implementation Plan for the recommended alternative A "Large Public Space & Private Development" inclusive of feasibility analyses, detailed/refined cost estimates, scheduling requirements, and financial analyses as warranted, and upon completion of the Implementation Plan the Winnipeg Public Service report back to Council for approvals.

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

Minutes – Executive Policy Committee – April 20, 2016

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 12, 2016

DECISION MAKING HISTORY:

Moved by Councillor Orlikow,

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

Carried

STANDING COMMITTEE RECOMMENDATION:

On April 12, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in recommendations 1 and 2 of the Winnipeg Public Service, with the following amendments:

- Add the following to the end of recommendation 1:

  "subject to a public engagement, and upon completion of the public engagement, the Winnipeg Public Service report back to Council for approval."

- Amend recommendation 2 by deleting "and report to Council upon Implementation Plan completion." and replace it with "and upon completion of the Implementation Plan the Winnipeg Public Service report back to Council for approvals."

and submitted the matter to the Executive Policy Committee and Council.

On March 8, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development laid over recommendation 1 and 2 to its meeting on April 12, 2016 to allow the Winnipeg Public Service to compile any relevant information with respect to historical elements of the Public Safety Building, consult with the Historical Buildings and Resources Committee, and report back.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 12, 2016

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE DECISION:

On March 8, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in recommendations 3 and 4 of the Winnipeg Public Service:

3. That the Winnipeg Public Service issue an Expression of Interest respecting the former Canada Post Tower located at 266 Graham Ave. to: solicit sale or third party leasing proposals; develop a recommendation to maximize the value of this City property and report to Council upon completion.

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

ADMINISTRATIVE REPORT

Title: **Public Safety Building (PSB) and Civic Centre Car Park (CP): Evaluation of Strategic Alternatives and Associated Implications for the Former Canada Post Tower (Tower) Located at 266 Graham Avenue - Project No. 2014-103**

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

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Erickson	J. Kiernan	M. Ruta	D. McNeil

RECOMMENDATIONS

1. That, based on the findings and information presented in the report "Evaluation of Strategic Alternatives for the Public Safety Building and Civic Centre Car Park", alternative A "Large Public Space & Private Development" be selected for implementation.

2. That the Winnipeg Public Service develop an Implementation Plan for the recommended alternative A "Large Public Space & Private Development" inclusive of feasibility analyses, detailed/refined cost estimates, scheduling requirements, and financial analyses as warranted, and report to Council upon Implementation Plan completion.

3. That the Winnipeg Public Service issue an Expression of Interest respecting the former Canada Post Tower located at 266 Graham Ave. to: solicit sale or third party leasing proposals; develop a recommendation to maximize the value of this City property and report to Council upon completion.

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

REASON FOR THE REPORT

On May 27, 2014, Council concurred in the recommendation of the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management and adopted the following related items:

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

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

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

EXECUTIVE SUMMARY

Synopsis

- A detailed investigation and evaluation process identified three (3) short-list alternatives with the potential to maximize the value of City property.
- Of the short-listed alternatives that represent the best options for the City to pursue, all three (3) alternatives include the demolition of both current structures i.e., Public Safety Building and Civic Centre Car Park.
- The preliminary feasibility of strategic alternatives for the former Canada Post Tower located at 266 Graham Ave. has been assessed. Disposition alternatives are restricted by significant factors.
- Based on the findings and information presented in the subject report, it is recommended alternative A "Large Public Space & Private Development" be selected for implementation inclusive of further assessment and preparation of feasibility analyses, detailed/refined cost estimates, scheduling requirements, and financial analyses as warranted.

Introduction

Upon completion of a public tender process in accordance with Material Management policy, Deloitte LLP (Deloitte) was awarded a consultant contract in the amount of $275,000 for the "Evaluation of Strategic Alternatives for the Public Safety Building and Civic Centre Car Park". As such, a comprehensive analysis of the subject assets was undertaken by Deloitte and the Winnipeg Public Service (PS) with participation by area/vicinity stakeholders. The final report was submitted to the PS on October 21 2015.

A summary of the report entitled "Evaluation of Strategic Alternatives for the Public Safety Building and Civic Centre Car Park" is provided below. The report is further attached as Appendix C.

A current state review was conducted that considered a number of existing properties owned and leased by the City of Winnipeg (City) and identified relevant considerations and limitations from stakeholder consultations. From this review, nine (9) potential alternatives were identified for the PSB and six (6) potential alternatives for the CP resulting in fifty-four (54) potential combinations. From this full list of combinations, a detailed investigation and evaluation process identified three (3) short-list alternatives with the potential to maximize the value of the City property. Each of the short-list alternatives presents a viable path forward for the City. Appendix A identifies land parcel apportionment in regard to the development alternatives which are presented below:

A. **Large Public Space/Private Development:** Consists of the development of public space and the sale of surplus land.
B. **Civic Campus:** Consists of the development of a small public space, the construction of a new building for the Planning, Property and Development Department (PPD), the construction of a small, ninety-five (95) stall parking structure with office space at grade for the Winnipeg Parking Authority (WPA), and the sale of surplus land.
C. **Large Parking Structure:** Consists of the development of a small public space, the construction of a five-hundred twenty (520) stall parking structure with office space at grade for WPA, and the sale of surplus land.

Demolition Recommended for all Short-Listed Alternatives

Of the short-listed alternatives that represent the best options for the City to pursue, all three (3) alternatives include the demolition of both current structures. An analysis of existing technical and financial analyses was completed to support the evaluation of potential costs and benefits of renovating the structures.

- **Civic Centre Car Park Demolition Rationale:** The asset was deemed unserviceable in August, 2012 and there is no intent of future re-use; therefore the evaluation has assumed that a demolition of the vacant structure shall occur.
- **Public Safety Building Demolition Rationale:** PSB has certain architectural and historical significance and, while demolition is not a sustainable approach to deal with heritage buildings, the current state of the PSB as well as the limitations of the structure and exterior cladding make it unsuitable for a significant and costly restoration project. The design of the building presents a number of challenges, including:
  - A lack of transparency at grade.
  - The entrance is not at street level and presents accessibility challenges.
  - The main floor is not barrier-free which limits its potential uses.
  - The existing column structure limits the development of underground parking.
  - PSB supporting mechanical systems currently located within the parkade which would have to be relocated to a ground level compound which may not be feasible within the footprint of the PSB property.
  - It will be financially impractical to retain the Tyndall Stone cladding.
  - The potential for parcels of land are limited by the existing footprint of the building.

The full evaluation of options that included a restoration of the PSB against the applied criteria has determined that the restoration of the building would not better meet the needs of the City, would not better contribute to Downtown Revitalization Priorities, and would not provide value above and beyond the other alternatives. These limitations, along with an associated high cost of restoration combine to make a strong case in favor of demolition.

Short-Listed Alternatives

The following information provides high-level overviews that include a brief financial summary and a description of the general benefits, considerations, and assumptions associated with each of the short-listed alternatives:

A. Large Public Space & Private Development

This alternative suggests demolition of the PSB to create a public space and the sale of non-civic-designated land. In this scenario, Parcels A and B would be redeveloped as public space with Parcels C and D sold to a private sector developer.

Benefits:

- This alternative presents an opportunity to create an iconic public space that would be unique to the downtown area. Given the properties' strategic location, a redevelopment plan would have the potential to not only shape the neighbourhood identity in the West Exchange District, but also its broader civic image.
- Increased public space could provide a valuable amenity for the area and help to increase the desirability – and potentially the sale value – of the non-civic-designated land.
- This reflects the least capital-intensive alternative and the lowest risk alternative, as the City would not be exposed to significant construction cost risk.
- The City could retain some control over the form of development on the non-civic-designated land through a Development Agreement.
- With southern exposure and the low-rise buildings across William Ave, this site has the benefit of receiving full sunlight during daylight hours.
- A high quality public space would contribute to the Exchange District being perceived as a more desirable place to live, work, and play.

Considerations and Assumptions:

- Effective space management is critical to a public space's success; a strong management plan and presence would be needed.
- The timing for private sector redevelopment on the non-civic-designated land is uncertain and there is the risk that the land could remain vacant for an extended period of time.

- Once the PSB has been demolished, the site must be maintained by the City. If the development of the public space is delayed, the space will require sodding.
- The City will be responsible for the demolition and remediation of the site. It will also be responsible for the design, construction and maintenance of the public space.

A twenty (20) year Present Value calculation shows a positive Net Present Value for this alternative:

Upfront capital costs	$5,943,322
Revenues from sale of assets	$3,827,725
Stabilized operating savings (Year 10)[1]	$114,171
Net present value	**$2,874,000**

[1] Value above does not include debt service payments of $280,580 per annum.

Alternative A: Modification/Revisions for Consideration:

- Disposition of property currently represented by the PSB and CP is contingent on potential proposal terms and conditions that may be received in response to any Request for Proposals (RFP) or sale offering for such assets.

B) Civic Campus

This alternative suggests the building of a new civic building and accessory parking structure and the sale of residual land. In this scenario, Parcels A, B, and C would be redeveloped with a new 80,000 square foot civic office building to accommodate PPD and potentially other civic departments or groups. This option would also include a significant amount of outdoor public space. Parcel D would be subdivided to allow for a ninety-five (95) stall parking structure with grade level office space to accommodate WPA and the residual land would be sold to the private sector. The parking structure would be used solely by PP&D and the WPA (civic use only).

Benefits:

- This alternative allows the City to maintain a Civic Campus model and is the preferred alternative from a Downtown Revitalization perspective. A purpose-built facility that is linked to an overall development strategy for the full property provides the best opportunity to create a compelling case for private sector development.
- There would be synergies from grouping certain components together and moving them closer to City Hall and improved operating efficiencies could be achieved through the delivery of high quality office space (e.g. improved productivity and reduced sick leave). These synergies and workplace improvement efficiencies have not been quantified as part of this Evaluation but are expected to be significant.
- The new building would be designed and built according to the needs of the occupants and can be designed to fully anticipate future growth.

Considerations and Assumptions:

- The construction of a new building would require the City to invest a significant amount of capital and would expose the City to construction risks as well as ongoing operational risks related to managing this asset.
- Various combinations of City departments can be considered assuming realization of some efficiencies through co-location (most candidates for relocation occupy significantly more than 180 sq. ft. /FTE).
- Moving various departments to a new civic building will increase the demand for parking in the area with certain departments having specific requirements for secure parking that may not be able to be met offsite. Note the WPA, as a Special Operating Agency, operates on a full cost recovery basis. The WPA requires a competitive lease rate and any substantial increases in their lease would, per discussion with WPA, be difficult to justify.

A twenty (20) year Present Value calculation shows a substantial negative Net Present Value for this alternative.

Upfront capital costs	$46,568,956
Revenues from sale of assets	$1,622,005
Stabilized operating savings (Year 10)[1]	$588,726
Net present value	**$(21,671,000)**

[1] Value above does not include debt service payments of $2,267,067 per annum.

This substantial negative Net Present Value represents the cost of increasing the quality of the office space for City workers. The Net Present Value for this option has the potential to be improved through more efficient parking construction.

Alternative B: Modification/Revisions for Consideration:

- Based on the magnitude of the negative Net Present Value associated with alternative B relative to either alternative A and C, alternative B is not recommended for implementation. Specifically, while synergies, workplace improvement, and parking construction efficiencies have not been quantified as part of this Evaluation and may be significant, such savings may not be traceable/quantifiable nor significant relative to the monetary recoveries that may materialize from disposition of existing accommodations. As such, it is not likely that such savings could eradicate the negative Net Present Value associated with alternative B.
- Utilization/disposition strategy implications exist for the former Tower located at 266 Graham Ave. in association with any development of new office accommodations for PS service delivery (see discussion below). Further, as at July 15, 2015, the current downtown vacancy rate was 9.7% up from 8.3% a year earlier.

C) Large Parking Structure

This alternative suggests the construction of a new elevated parking structure and the sale of non-civic-designated land. In this scenario, Parcels A, B and C would be redeveloped to include a five-hundred twenty (520) stall parking structure with grade level office space to accommodate WPA. The parkade structure would accommodate the WPA, civic users, and the general public. This option would also include a significant amount of outdoor public space. Parcel D would be sold to a private sector developer.

Benefits:

- A first-level storefront at this location, coupled with additional parking, is aligned with Downtown Revitalization priorities.
- The first level of the new parkade could be designed and built according to the needs of the WPA which would result in a building superior to their existing space. Additionally, the space can be designed to fully anticipate future growth.
- The City could retain some control over form of development on the non-civic-designated land through a Development Agreement.
- An elevated parking structure in this location would significantly improve the parking available to City staff working at 510 Main Street and other adjacent civic properties and provide parking for the general public in an area where finding available parking is a challenge. A larger structure would also support the cultural district evening events.
- Extends the existing pedestrian sight lines through the City Hall Courtyard to James Avenue and Waterfront (historical reference axis).

Considerations and Assumptions:

- The ground floor commercial space may have some design limitations given the location of entrance ramps and other engineering features specific to a parking garage.
- The construction of a new building would require the WPA to invest a significant amount of capital into the renovation and would expose the WPA and the City to construction risks as well as ongoing operational risks related to managing this asset.

A twenty (20) year Present Value calculation shows a positive Net Present Value for this alternative.

Upfront capital costs	$34,714,473
Revenues from sale of assets	$3,217,005
Stabilized operating savings (Year 10)[1]	$1,151,275
Net present value	**$7,668,000**

[1] Value above does not include debt service payments of $1,638,847 per annum.

Note a detailed business case would need to be developed by WPA to justify the significant upfront capital costs.

Alternative C: Modification/Revisions for Consideration:

- Based on the Net Present Value associated with alternative C relative to alternative A, further study of alternative C is warranted. Note while the Net Present Value associated with alternative C is approximately 2.7 times larger than alternative A, the capital investment associated with alternative C is approximately 5.8 times larger than alternative A which generally contributes to increased financial risk.
- Utilization/disposition strategy implications exist for the Tower located at 266 Graham Ave. in association with any development of new office accommodations for WPA service delivery (see discussion below).

Implications for the former Canada Post Tower located at 266 Graham Ave.

Please note development of strategic alternatives for the Tower located at 266 Graham Ave. (facility adjacent/physically connected to the new WPS Headquarters) was not included within the scope of study (PSB/CP) assigned to Deloitte. However, at study inception it was determined that strategic alternative assessment for both the Tower and PSB/CP required integration of analyses given that PS service delivery accommodation demand requirements in the downtown geographic region/vicinity are limited i.e., insufficient viable or unencumbered civic accommodation needs exist for utilization of both the Tower and PSB/CP assets. As such, any decision respecting material or significant PS utilization of either (a) the Tower or (b) the PSB/CP required advance review of the implications for the development of options for the alternate asset. Specifically, and for example, civic reuse of the PSB would limit strategic alternatives for any civic reuse of the Tower. However, per review of strategic alternatives for the PSB/CP as contained in this report, none of the three (3) proposed alternatives contain strategies for civic reuse of existing PSB/CP facilities i.e., demolition is recommended for all three (3) proposed alternatives. This condition permits strategic alternative development for the Tower to proceed independent of PSB/CP assessment i.e., the analyses are not mutually exclusive. However, both alternatives B and C contain strategies for proposed WPA office development which may represent a viable accommodation candidate for the Tower. Therefore, any decision to proceed with alternative B or C warrants further analysis of both the Tower and PSB/CP in an integrated context/form.

Canada Post Tower: Disposition Alternatives

The PS has reviewed the feasibility of disposition alternatives for the Tower inclusive of (1) PS reuse, (2) third party lease, (3) sale disposition, (4) securing the asset vacant i.e., “mothball”, and (5) controlled partial demolition. Disposition alternatives are restricted by the following factors:

- Construction/technical feasibility (and associated Building Code compliance) of multiple building system separation and/or introduction of a firewall is not determinable without detailed technical study and is generally accepted to be cost prohibitive. These factors significantly restrict sale disposition alternatives.
- Winnipeg Police Service (WPS) accommodation adjacency requirements warrant WPS compliance with any proposed terms and conditions for civic re-use/lease/sale disposition.
- It is estimated significant refurbishment/renovation will be required to prepare the Tower for utilization irrespective of whether the City retains ownership for (a) accommodation leasing, (b) utilizing the Tower for civic use, or (c) disposes of the Tower based on prescribed conditions. Note the cost of any future refurbishment/renovation requirements not performed in advance of disposition would likely be reflected in any potential sale price.

A twenty (20) year Present Value calculation for each of the following confirmed feasible disposition alternatives is shown below:

Winnipeg Public Service Re-use

Upfront capital costs	$19,962,000
Lease payment recoveries	$13,023,000
Stabilized operating savings (Year 10)[1]	$135,000
Net present value	**($7,299,000)**

[1] Value above does not include debt service payments of $942,206 per annum.

"Mothball" (Securing the asset vacant)

Upfront capital costs	$293,000
Lease payment recoveries	$0
Vacant secured operating costs	$3,550,000
Net present value	**($3,843,000)**

Sale Disposition & Third Party Lease

5. The PS has recently completed a "market sounding" initiative with industry representatives and civic stakeholders respecting marketability of the Tower. The market sounding analysis demonstrated potential ownership and/or lease interest by third parties. Note analysis of third party leasing alternatives is contingent on factors/variables such as minimum design criteria and technical specifications of an associated third party. Further, sale disposition is contingent on granting a period of due diligence for any potential purchaser to complete investigation and analysis of the asset(s) delineated for sale and/or transfer of ownership. As such, it is recommended the PS issue an Expression of Interest (EOI) respecting the Tower located at 266 Graham Ave. to solicit sale or third party leasing proposals and develop a recommendation to Council to maximize the value of this City property.

Controlled Partial Demolition

A controlled partial demolition (i.e. work carried out to selectively deconstruct and remove specific building sections) of the Tower requires specialized study/analysis to determine technical feasibility, cost, and associated risks to adjacent assets. Preliminary analysis has determined that a controlled partial demolition would likely be both cost prohibitive and complex in terms of construction logistics and execution. Further study/analysis of this option may become prudent following results of the recommended EOI.

Next Steps/Implementation

The report entitled "Evaluation of Strategic Alternatives for the Public Safety Building and Civic Centre Car Park" as prepared by Deloitte recommends that prior to selecting an alternative, the City further examine each of the three short-listed alternatives and consider input from the WPA, CentreVenture, and the City's Asset Management Process(es). The report indicates the short-listed alternatives represent high-level concepts that will have to be refined after further analysis. The land allocated to certain uses and the size of buildings may change which will have a direct effect on the qualitative and quantitative financial evaluation.

The report specifically recommends three (3) other important considerations should be factored in during further design/evaluation of the three (3) potential alternatives:

- **Winnipeg Parking Authority:**
  The Large Parking Structure alternative C includes the construction of a parking structure to accommodate the needs of the tenants and the general public overall.

This has been modelled as an above-ground structure with the same footprint as the proposed James Avenue parkade which allows for the WPA to complete an independent business case to justify the construction of additional spaces in this new structure.

The Civic Campus alternative B which proposes to accommodate only tenant demands does not represent the best use of the land given the large footprint for parking, and further, WPA would not recommend the option of the smaller parkade as a business case would not likely exist to do so. Note, alternative B was developed as such to demonstrate sole accommodation of business-critical parking requirements for the day to day operations of PPD and WPA and to identify associated infrastructure cost. Amending (increasing) parking accommodation may have a material impact on the projected NPV.

If there is no business case to build additional parking in this space, it may then be advisable to either build parking underneath the new civic building or to decrease the footprint of the elevated structure to allow for more land to be sold to the private sector.

Note, prior to WPA preparing and submitting a business case in a development proposal for the subject lands in response to any civic issued Request for Proposals, or, sale offering of properties made available for disposition in conjunction with implementation of the recommendations as contained in this report, it is advisable for the City to review any implications of the WPA as a Special Operating Agency (SOA) with previous involvement with the project participating in a competitive procurement process with respect to the City's Materials Management Policy. If it is determined that the WPA is unable to participate in the public competitive procurement process, it may be possible to structure/develop a process to provide the WPA with an opportunity to submit a business case in parallel.

- **CentreVenture:**
  Each of these alternatives includes the sale of a significant portion of currently City-owned land. As part of this Evaluation, a preliminary meeting with CentreVenture was conducted to understand their potential role based on their involvement in similar exercises that the City has undertaken. The City may wish to further consult with CentreVenture to assess the impact that each alternative would have on the ability to market the surplus land and/or develop a broader strategy for these key West Exchange parcels of land.

- **Asset Management Policy and Investment Planning Process:**
  The City is implementing a rigorous asset management framework designed to evaluate proposed investments. The cost estimates as part of this Evaluation are Class 4 and an additional level of detail will need to be developed prior to assessing the chosen alternative against other City initiatives through the Asset Management Policy and Investment Planning Process.

The Winnipeg Public Service recommends Council endorse alternative A "Large Public Space & Private Development" for implementation and that the above three (3) important considerations be factored in during development of the Implementation Plan for alternative A.

Asset Utilization/Disposition Recommendation(s):

Based on the findings and information presented in the subject report, the following is recommended:

- Alternative A "Large Public Space & Private Development" be selected for implementation inclusive of further assessment and preparation of feasibility analysis, detailed/refined cost estimates, scheduling requirements, and financial analyses as warranted.

- The WPA perform further study respecting alternatives B and/or C as required. Should the WPA determine a compelling business case for alternative B and/or C exists an appropriate procurement process will need to be developed so the WPA business case may be considered in parallel with any civic issued RFP or sale offering of the associated properties.

- Development of new office accommodations for civic operations is not recommended based on:
  - Civic service delivery accommodation demand requirements in the downtown geographic region/vicinity are limited.
  - The former Tower located at 266 Graham Ave. acquired by the City associated with development of the new Winnipeg Police Service Headquarters presently contains significant vacant space and has limited alternatives for asset disposition. As such, civic reuse of the Tower represents a potential feasible alternative for future asset utilization.
- The Winnipeg Public Service develop an Asset Management Plan governing the interim period prior to implementation of the recommended alternative A "Large Public Space & Private Development" for the purpose of risk mitigation associated with the prevailing condition of the subject assets. Specifically, the Asset Management Plan will manage/mitigate continued operational risks associated with the prevailing asset condition of both the PSB and CP during the interim period the assets remain in situ. Note the associated cost for asset securing, occupancy, and vacancy control in 2016 is estimated at approximately $671,000 to be charged to PPD and WPA Operating Budget(s) as follows:

PSB Annual Operations	$425,000
PSB Cladding Stabilization	$ 75,000
Sub-total (PPD)	$500,000
CP Annual Operating	$ 35,000
CP Shoring & Barricade	$136,000
Sub-total (WPA)	$171,000
Total	**$671,000**

IMPLICATIONS OF THE RECOMMENDATIONS

- Selection of alternative A "Large Public Space & Private Development", modified for implementation commensurate with the results of any required feasibility analyses, detailed/refined cost estimates, scheduling requirements, and financial analyses as warranted, would result in (a) sale or lease of the non-civic designated lands and (b) creation of public space of the civic designated lands currently represented as the PSB and CP.

- Development of a detailed Implementation Plan for the recommended alternative A "Large Public Space & Private Development" will permit the PS to undertake or contract for professional consulting services (as warranted) to complete the following:
  - Obtain greater assurance respecting the accuracy and completeness of cost estimate(s) for establishing budget parameters.
  - Define scheduling requirements.
  - Perform procurement/marketing strategy analysis allowing determination of a recommended disposition methodology.
  - Assessment of determinable risk factors, associated mitigation strategies, and projected implications.
  - Revenue projection/business planning (as warranted).
  - Capital Budget planning and development.

- A Project Capital Budget would subsequently be established based on design as warranted to permit cost estimates commensurate with the level of assurance conveyed by a Class 3 Estimate.

HISTORY

PSB & CP Lands:

- The presence of a reversionary interest in the legal description of the deed associated with transfer of ownership of lands to the City may preclude the City from implementing select development/disposition strategies associated with the lands the PSB occupies (PSB lands). However, the feasibility of the City disposing of property to the north and west of the reversionary interest which includes the CP (CP lands) has been assessed and confirmed. Appendix B contains an aerial plan view of the subject property identifying the location of the CP and PSB buildings in relation to saleable land and land that is subject to the reversionary interest.
- The CP lands are zoned as a "Character Sector" which allows for permitted and conditional uses relative to redevelopment intent for the site should the property be declared surplus to civic needs and marketed for sale.
- A Plan of Survey has been prepared in relation to the properties represented by the PSB and CP to identify potential surplus lands.

Tower:

- The former Canada Post Building (Tower and Sorting Plant) located at 266 Graham Avenue and 245 Smith Street was purchased by the City in December of 2009.
- Renovations to the former mail sorting plant commenced in 2011 to convert the building into a Headquarters (HQ) facility for the Winnipeg Police Service (WPS).
- Major third party tenants have vacated the building upon expiration of associated leases.
- The address for the WPS HQ is 245 Smith Street. The address for the adjacent Tower to the north of the WPS HQ building is 266 Graham Avenue. Both addresses comprise the entire building (Facility). However, the Manitoba Building Code considers the Facility to be a single building.

FINANCIAL IMPACT

Financial Impact Statement

Date: December 11, 2015

Project Name:

Public Safety Building (PSB) and Civic Centre Car Park (CP): Evaluation of Strategic Alternatives – Project No. 2014-103

COMMENTS:

There are no direct financial implications associated with the recommendations contained in this report.

The financial implications of both the implementation plan for "Large Public Space & Private Development" of the PSB/Parkade site and the marketability of the former Canada Post Tower will be included when the Public Service reports back to Council in respect of these matters.

"Original Signed By"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this report there was consultation with:

- Legal Services Department (as to legal issues)
- Winnipeg Parking Authority

OURWINNIPEG POLICY ALIGNMENT

Complete Communities Direction Strategy – Section 03 Transformative Areas:

Section 03–1a – ORGANIZING DOWNTOWN

- Direction 1: Further Define and Enhance the Identity and Character of Downtown's Unique Districts, Destinations and Clusters.
- Direction 2: Promote Intensification and High-Density Mixed Use Development Within Downtown In A Way That Supports and Compliments Its Unique Districts, Destinations and Clusters.

Section 03-1e – HIGH-QUALITY PACES DOWNTOWN

- Direction 1: Promote Exemplary Urban Design in Downtown Development Projects.
- Direction 2: Pursue High Quality Urban Design in a Manner that Conserves, Enriches, and Showcases the Rich Collection of Heritage Resources Downtown.
- Direction 3: Invest in High-Quality Downtown Public Spaces that Attract People and Promote Private Sector Investment.

Section 03–2a – CENTRES

- Centres will function as key strategic areas that provide a mix of uses, allowing for further intensification of these uses over time, while service as vibrant gathering spaces that support the daily activities of local residents.

Section 03-3 – MAJOR REDEVELOPMENT SITES

- Direction 1: Promote Development of Major Redevelopment Sites with Proactive and Collaborative Planning Process.
- Direction 2: Capitalize on the Proximity of Major Development Sites to Rapid Transit and High Frequency Transit.
- Direction 3: Facilitate Redevelopment Through Incentives, Partnerships and the Removal of Barriers.

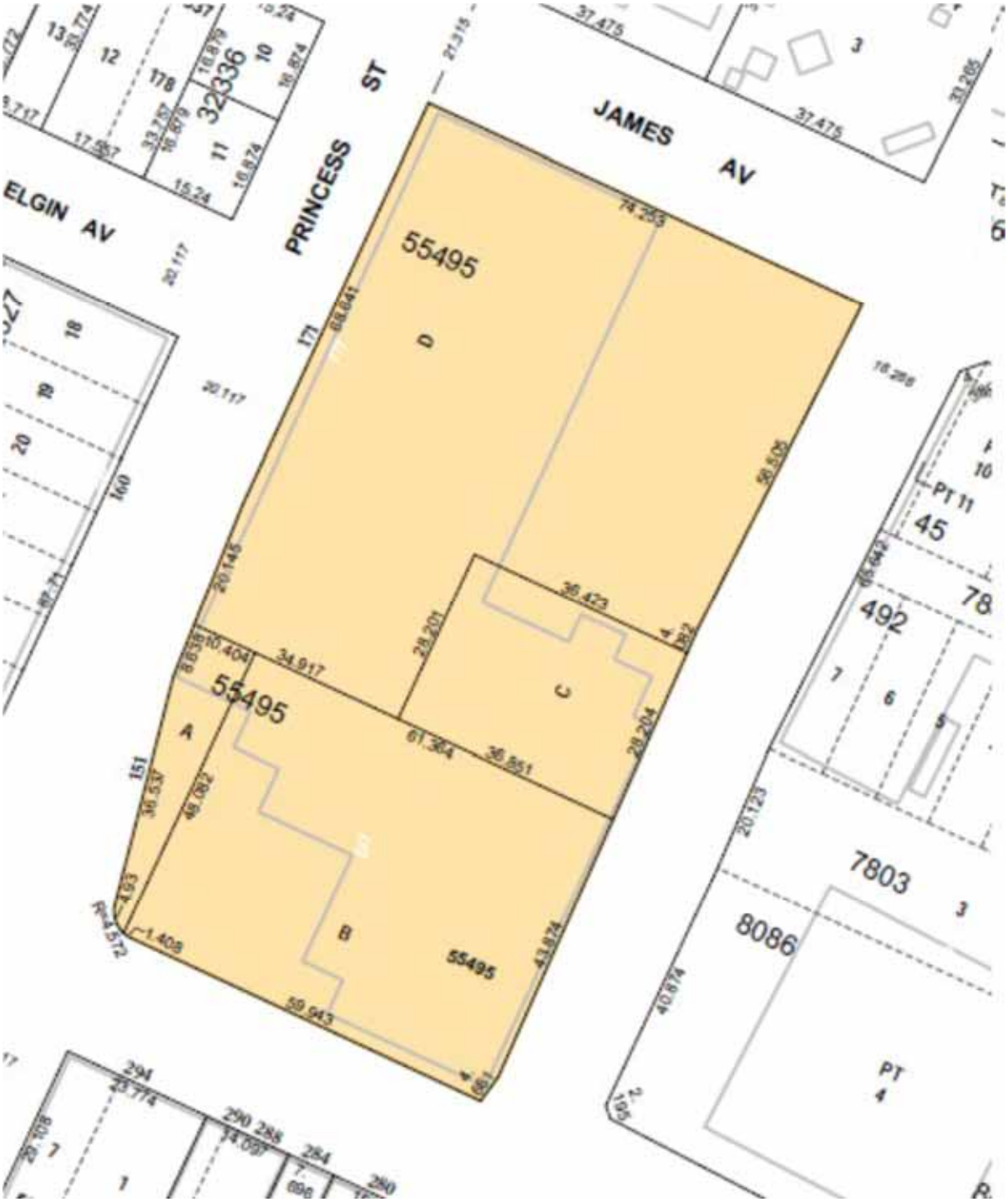
SUBMITTED BY

Department	Planning, Property and Development
Division	Municipal Accommodations
Prepared by:	Brent Piniuta, Superintendent of Major Capital Projects
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Appendix A:

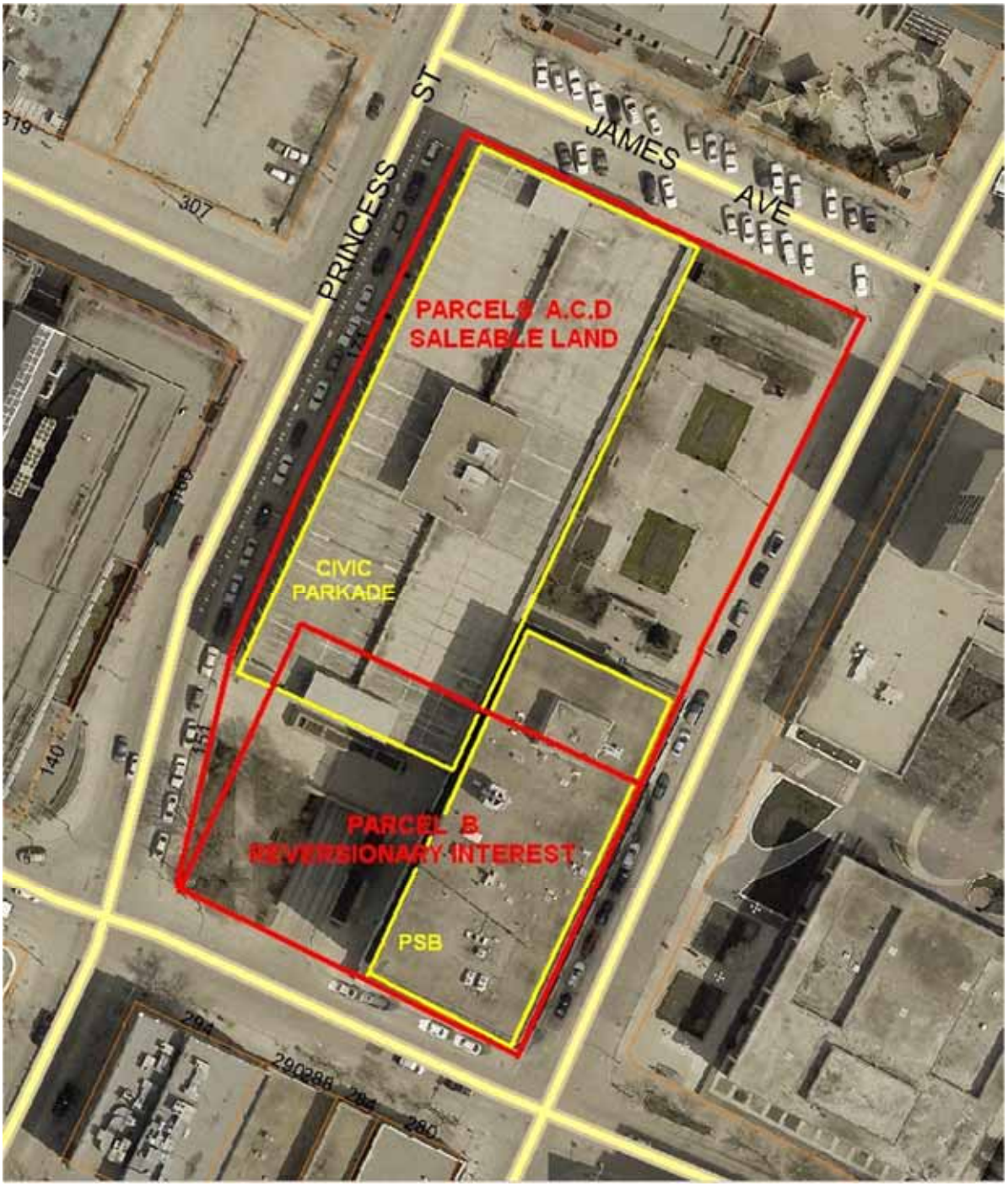
Subject Property Parcel Plan



The subject property site is divided into four (4) legal parcels, as shown on the plan above. Parcel B, which houses the majority of the PSB, was gifted to the City in 1875 with the restriction that the land be used for public purposes and purposes of the municipal corporation.

Appendix B:

Subject Property Aerial Plan View



The subject property in aerial plan view showing the Civic Parkade & PSB buildings in relation to saleable land, and land that is subject to the reversionary interest.

Appendix C:

Report: Evaluation of Strategic Alternatives for the Public Safety Building and Civic Centre Car Park