Agenda – Executive Policy Committee – June 15, 2016

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – June 13, 2016

Item No. 1 General Capital Fund – Downtown Streets – Amendment of Approved 2016 Capital Budget to Include Funding from the Exchange Waterfront Neighbourhood Development Program

STANDING COMMITTEE RECOMMENDATION:

On June 13, 2016, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That an increase from $1,500,000 to $3,600,000 to the Downtown Streets line item in the Regional and Local Street Renewal Program in the 2016 approved Capital Budget (the "Downtown Streets budget") where the $2,100,000.00 difference is funded through the Exchange Waterfront Neighbourhood Development Program ("EWNDP") which is funded jointly by the City and the Province of Manitoba and administered by CentreVenture Development Corporation, be approved.

2. That, subject to approval of Recommendation 1, $3,600,000 of the Downtown Streets budget be used to fund the 2016 North East Exchange District Street Renewal Projects for Lily Street and John Hirsh Place.

3. That $1,200,000.00 from the sale of the Winnipeg Square Parkade be reallocated to the 2016 capital project budget (# 6351400416) entitled "Cultural District Streetscaping" for streetscaping on Lily Street, James Avenue and John Hirsh Place.

4. That the July 17, 2013 Council decision "Establishment of the Exchange Waterfront Neighbourhood Development Program" be amended to authorize the Chief Administrative Officer to reallocate approved funding as set out in Appendix "B" of such Council decision within Phases, subject to all works being undertaken pursuant to the EWNDP being completed by December 31, 2018.

5. That the Chief Administrative Officer be delegated the authority to award a construction contract exceeding $5,000,000, associated with 2016 North East Exchange District Street Renewal Projects to a maximum of $6,000,000.

6. That the City interim finance up to $1.5 million for roadworks and streetscaping together with interest at the RBC prime rate, to be provided by the Public Works Department through the EWNDP program, from the General Capital fund to be reimbursed by tax increment financing income assigned by CentreVenture Development Corporation to the City and earned once the GlassHouse Development at 311 Hargrave is complete.

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – June 13, 2016

7. That, in the event the City's liquidity position requires additional funding, short-term financing up to $1.5 million be approved either from external sources or through internal funds or reserves as determined by the Chief Financial Officer.

8. That the City enter into, execute and deliver any amending agreements or agreements necessary with CentreVenture Development Corporation to implement the intent of the foregoing, and that the Chief Financial Officer be authorized to negotiate and approve the terms and conditions of any such agreements in accordance with this report and any other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

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

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – June 13, 2016

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On June 13, 2016, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: GENERAL CAPITAL FUND – DOWNTOWN STREETS – AMENDMENT OF APPROVED 2016 CAPITAL BUDGET TO INCLUDE FUNDING FROM THE EXCHANGE WATERFRONT NEIGHBOURHOOD DEVELOPMENT PROGRAM

Critical Path: STANDING POLICY COMMITTEE ON INFRASTRUCTURE RENEWAL AND PUBLIC WORKS - EPC - COUNCIL

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Neirinck, P. Eng.	L.P. Deane, P. Eng. and J. Kiernan	M. Ruta	M. Jack COO

RECOMMENDATIONS

1. That Council approves an increase from $1,500,000 to $3,600,000 to the Downtown Streets line item in the Regional and Local Street Renewal Program in the 2016 approved Capital Budget (the "Downtown Streets budget") where the $2,100,000.00 difference is funded through the Exchange Waterfront Neighbourhood Development Program ("EWNDP") which is funded jointly by the City and the Province of Manitoba and administered by CentreVenture Development Corporation.

2. That, subject to approval of Recommendation 1, $3,600,000 of the Downtown Streets budget be used to fund the 2016 North East Exchange District Street Renewal Projects for Lily Street and John Hirsh Place.

3. That $1,200,000.00 from the sale of the Winnipeg Square Parkade be reallocated to the 2016 capital project budget (# 6351400416) entitled "Cultural District Streetscaping" for streetscaping on Lily Street, James Avenue and John Hirsh Place.

4. That the July 17, 2013 Council decision "Establishment of the Exchange Waterfront Neighbourhood Development Program" be amended to authorize the Chief Administrative Officer to reallocate approved funding as set out in Appendix "B" of such Council decision within Phases, subject to all works being undertaken pursuant to the EWNDP being completed by December 31, 2018.

5. That the Chief Administrative Officer be delegated the authority to award a construction contract exceeding $5,000,000, associated with 2016 North East Exchange District Street Renewal Projects to a maximum of $6,000,000.

6. That the City interim finance up to $1.5 million for roadworks and streetscaping together with interest at the RBC prime rate, to be provided by the Public Works Department through the EWNDP program, from the General Capital fund to be reimbursed by tax increment financing income assigned by CentreVenture Development Corporation to the City and earned once the GlassHouse Development at 311 Hargrave is complete.

7. That, in the event the City's liquidity position requires additional funding, short-term financing up to $1.5 million be approved either from external sources or through internal funds or reserves as determined by the Chief Financial Officer.

8. That the City enter into, execute and deliver any amending agreements or agreements necessary with CentreVenture Development Corporation to implement the intent of the foregoing, and that the Chief Financial Officer be authorized to negotiate and approve the terms and conditions of any such agreements in accordance with this report and any other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

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

REASON FOR THE REPORT

City Council approval is required to establish, increase or amend capital budgets to reflect additional external funding.

Council approval is required to amend previous Council decisions.

On July 17, 2013 Council approved the establishment of the EWNDP. The program parameters as presented are 'limiting' in that if program funding as projected in the approved Council report and Agreement schedule is not expended according to schedule, that funding is not available due to program phasing provisions. Council approval is required to authorize the Chief Administrative Office to reallocate surplus funds from 2014 and 2015 so they can be applied to planned works in 2016 and future surplus funds can be carried forward up to the end of the Program to the extent allowed under the maximum Program budget.

Pursuant to B8.2 of the City of Winnipeg's Materials Management Policy, the Chief Administrative Officer is delegated the authority to award a contract where the value of the contract does not exceed $5,000,000 and there are sufficient funds in a budget approved by Council. Therefore Council must approve a delegation of authority to the Chief Administrative Officer to award a contract that exceeds $5,000,000. Pursuant to The City of Winnipeg Charter, Council has authority to delegate certain administrative powers, duties or functions to an employee.

EXECUTIVE SUMMARY

The North East Exchange District Street Renewal Projects for 2016 are both substantive and unique in that they include an innovative storm water management pilot that will reduce the amount of water entering our combined sewers. These projects also include fully-integrated public art and we have an independent artist as part of the design team that was selected with assistance from the Winnipeg Arts Council. Many small public spaces with heritage interpretations pieces will be included, and there was also a public competition to develop a large and prominent 1919 heritage interpretation piece on Lily Street that will be constructed as part of this project. Most importantly, these projects renew the above ground and below ground infrastructure and improve accessibly and vibrancy in this growing neighbourhood

The 2016 projects will be funded through a collaboration between Public Works Department, Planning Property and Development Department, Water and Waste Department and the EWDNP, which is jointly funded by the City and the Province of Manitoba and administered by CentreVenture.

These projects will deliver the vision of multiple City policies, continue to provide a complete community to people choosing to live downtown and enhance the vibrancy of the Exchange Waterfront Neighborhood, which will house a major venue of the 2017 Canada Summer Games.

Award of the construction bid opportunity is required to commence construction at the beginning of July. This administrative report, to approve the funding, needs to be before Council at the June 15,

2016 meeting in order to meet this deadline. Failing to commence in July would result in the roadworks and streetscaping not being complete around the new Sport for Life Centre currently under construction which is a major venue for the 2017 Canada Summer Games.

Funding for this project is similar to the way funding occurred for the 2014 and 2015 North East Exchange District Street Renewals. The difference is the City will be financing the streetscaping in the interim and not the arms-lengths branch of CentreVenture. CentreVenture's programming is typically funded through Tax Incremental Financing but due to the delay in some private developments downtown there are no taxes flowing in 2016. It is expected that taxes will flow in 2017 through the Glass House development to pay back the financing the City is currently proposing.

IMPLICATIONS OF THE RECOMMENDATIONS

The amendment of the adopted 2016 Capital Budget to incorporate funding sources from the EWNDP is required to facilitate construction of the 2016 North East Exchange District Street Renewal Projects in an efficient and effective manner.

Project expenses incurred by Public Works will be invoiced to CentreVenture Development Corporation as work is completed, for relevant works items, for reimbursement to the City.

No additional incremental tax revenues eligible for the EWNDP program are anticipated from completed Downtown Residential Development Grant condominium developments in 2016. The Glasshouse project at 311 Hargrave consists of 195 units and is projected to be complete, occupied and added to the tax roll in 2016. It is recommended the City interim finance up to $1.5 million towards the proposed 2016 works until such time as the taxes from the Glasshouse project are available for contribution as a TIF grant to the EWNDP program which is anticipated in 2017.

The EWNDP includes execution by the City of Winnipeg borrowing authority and loan documentation in order to secure program funding by CentreVenture Development Corporation as administrators of the EWNDP Program. The money borrowed by CentreVenture Development Corporation under City authority is then used to fund eligible project expenses under the program. In practice to date, Public Works have partnered with CentreVenture Development Corporation to identify and pursue priority works in order to fully leverage the policy objectives of public realm improvements in the North East Exchange District. As such, Public Works has 'front-ended' phase 1 and 2 projects to date and submitted invoices to CentreVenture Development Corporation for reimbursement with approved program funding. To date, $843,855.83 in completed works are receivable from CentreVenture Development Corporation pending the City's execution of the necessary loan documentation.

A 2016 budget for a "Cultural District Streetscaping" capital project will be established. This budget will be utilized in conjunction with the amended 2016 Downtown Street budget.

Failing to commence construction in July would result in the roadworks and streetscaping not being complete around the new Sport for Life Centre currently under construction which is a major venue for the 2017 Canada Summer Games.

HISTORY

The 2016 Capital Budget adopted by City Council on March 22, 2016 included funding for the 2016 Regional and Local Street Renewal Program in the amount of $105,616,000; with $41,136,000 allocated to the Regional Street Renewal Program. The Regional Street Renewal Program includes $1,500,000 of funding for the Downtown Streets; Sidewalk, Curb and Street Renewals.

On November 5, 2013, the Director of Public Works awarded the contract for Consulting Services for the North East Exchange District Engineering Study Bid Opportunity 705-2013 to MMM Group Limited.

The purpose of the study was:

(a) To develop a detailed engineering plan that includes the preliminary design of the identified rights-of-way of the North East Exchange District and an implementation plan to prioritize and schedule the proposed work. The plan will be a proactive approach to have cost certainty for the proposed various works and sufficient lead time to coordinate any required improvements to the above ground and subsurface utilities. The plan will also ensure consistency in the design intent and feel of the rights-of-way for the area.

Various streets were identified through the project process as early candidates that could be renewed with limited conflict with potential developments and have an immediate improvement to public safety. Representatives from Planning, Property and Development and CentreVenture Development Corporation are members of the North East Exchange District Engineering Study Project Steering Committee. Projects for 2016 include Lily Street between Market Avenue and Galt Avenue, and John Hirsch Place between Rorie Street and Bannatyne Avenue.

On July 8, 2015, the Executive Policy Committee approved single source negotiations with MMM Group Limited for Professional Consulting Engineering Services associated with Lily Street, Rorie Street, and John Hirsch Place. John Hirsch Place was originally proposed for construction in 2015 but was postponed to 2016 as additional time was required to develop the innovative drainage designs.

CentreVenture Development Corporation, as program administrator for the EWNDP, has committed to a $2,100,000 contribution from the EWNDP to the 2016 North East Exchange District Street Renewal Projects as outlined in the attached letter dated May 13, 2016. The contribution from the EWNDP will be used for purposes for the addition of wayfinding, historical interpretations, pedestrian and street lighting and enhanced streetscaping components to the street renewal projects.

As stated in the preceding paragraph, the $2,100,000.00 contribution comes from the EWNDP, which is jointly funded by the City and the Province of Manitoba. Under the EWNDP, funding is to be applied to capital improvements in the Exchange District. CentreVenture Development Corporation acts as the program administrator for the EWNDP, which includes responsibility for carrying out such capital improvements, and receives an administration fee of $50,000 per calendar year to do so. All Program expenditures are approved by a Governance Committee consisting of two members from the City and two members from the Province.

The current Downtown Streets budget line item has $1,500,000 allocated for the 2016 North East Exchange District Street Renewal Projects. In addition to this budget and the $2,100,000.00 contribution from the EWNDP, the Planning, Property and Development Department are proposing to contribute $1,200,000 towards the heritage interpretation components and streetscaping. The Water and Waste Department will also be contributing $600,000 towards the innovative storm water management pilot components. All of the work will be delivered through one construction bid opportunity managed by the Public Works Department. To further describe the funding breakdown for the 2016 North East Exchange District Street Renewals Projects please refer to Table 1: Funding Summary.

Table 1: Funding Summary

Proposed Funding Source	Amount
Public Works Department – 2016 Downtown Streets	$1,500,000
Planning, Property and Development Department – Winnipeg Square Parkade Proceeds	$1,200,000

Water and Waste Department	$600,000
2014 and 2015 EWNDP available as carry-forward	$600,000
Interim Financing recovered from future taxes flowing to and from the EWNDP	$1,500,000
Total	**$5,400,000**

This effective collaboration to date has delivered the following successful streetscaping and infrastructure renewal projects to date:

2014
Market Avenue from Lily Street to Bertha Street
Bertha Street from Market Avenue to Elgin Avenue
Bertha Walkway from Market Avenue to Bannatyne Avenue
James Avenue south side sidewalk

2015
Rorie Street from McDermot Avenue to Market Avenue

The budget committed by the Planning, Property and Development was approved by Council through the Report of the Alternate Service Delivery Committee on March 23, 2011 which stated "that $8.3 million be allocated to pay down the debt of the Winnipeg Parking Authority to the City of Winnipeg; and that the City of Winnipeg hold these funds in an account to be used, subject to Council approval, for Streetscaping and architectural initiatives related to the James Avenue / North Portage Corridor parkade projects."

The James Avenue Parkade is expected at the corner of James Avenue and Lily Street. Streetscaping initiatives on Lily Street anticipate its future use, and align with developments in the area including Sport Manitoba and the upcoming Canada Summer Games of 2017.

Other downtown projects which have benefited through this funding include:

- Market Avenue 2012 (Cultural District) – $2,500,000.00
- Donald and Hargrave 2014 (CentrePoint) – $1,200,000.00
- Elgin Avenue 2014 (East Exchange) - $800,000
- Lily Avenue 2016 (Cultural District) - $1,200,000.00 (pending approval of this report)

Approximately $2,600,000.00 would remain in the fund.

Coordinating development accommodation, Streetscaping enhancements, historical components, way finding, pedestrian connectivity with infrastructure renewal is the optimal way to realize value and complete and uniform rights-of-way that are well planned. This project supports the advancement of strategic public investments that reinforce the continued commitment made to the advancement of the downtown.

Additional Public Consultation occurred in January 2016 to update the neighborhood and stakeholders in advance of the anticipated work in 2016.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 3, 2016

Project Name: **First Year of Program** **2016**

GENERAL CAPITAL FUND – DOWNTOWN STREETS – AMENDMENT OF APPROVED 2016 CAPITAL BUDGET TO INCLUDE FUNDING FROM THE EXCHANGE WATERFRONT NEIGHBOURHOOD DEVELOPMENT PROGRAM

	2016	2017	2018	2019	2020
Capital					
Capital Expenditures Required	$ 5,400,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	2,100,000	-	-	-	-
Additional Capital Budget Required	$ 3,300,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Interim Financing	1,500,000	(1,500,000)	-	-	-
Other - EWNDP	600,000	1,500,000			
Other - Proceeds of disposition	1,200,000	-			
Total Funding	$ 3,300,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 3,300,000				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	37,772	-	-	-	-
Net Cost/(Benefit)	$ (37,772)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (37,772)	$ -	$ -	$ -	$ -

Additional Comments: The Exchange Waterfront Neighbourhood Development Program (EWNDP) will contribute $2,100,000 towards the $5,400,000 cost of the 2016 Northeast Exchange District Project. $1,500,000 is included in the 2016 Regional and Local Street Renewal Program budgeted for this project (Public Works Capital Project #1804200216 - Sidewalk/Curb Renewals Downtown Regional Streets).

The estimated streetscaping capital expenditures totaling $1.2 million will be funded from proceeds of the sale of the Winnipeg Square Parkade, and consist of $1,162,228 in consultant and/or contractor expenditures and $37,772 in short-term financing charges and corporate administration fees. The latter amount will be offset by an equal recovery in the current budget of the Corporate Finance Department. This funding will be transferred to a newly created Capital Project (Planning, Property and Development Capital Project #6351400416 - Cultural District Streetscaping).

The estimated remaining capital expenditures of $600,000 for the storm water management will be funded by the Water and Waste Department (Project # 2038000116 - CSO Man Strat / Basement Flood, $600,000).

Interim Financing of up to $1,500,000 will be provided by the Public Works Department through the EWNDP program, from the General Capital Fund, to be reimbursed by the tax increment financing income assigned by CentreVenture Development Corporation to the City. The interest charge on the interim financing will be paid to the City, the amount of which has not yet been quantified and will be calculated on the period until such time as interim financing is repaid.

"Original signed by D. Stewart, CA"
D. Stewart, CA
Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with:

Planning Property and Development Department
Water and Waste Department
Legal Services (as to legal issues)
CentreVenture Development Corporation

OUR WINNIPEG POLICY ALIGNMENT

This report is in accordance with OurWinnipeg Policy, 01-2a - Collaborate To Make Communities Safe, Direction 4. Promote Safety on Streets and Sidewalks.

OurWinnipeg Complete Communities Direction Strategy, Section 03-1e, High Quality Place Downtown:

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.

Direction 5
Create pedestrian spaces that effectively accommodate all ages and abilities.

SUBMITTED BY

Department:	Public Works
Division:	Engineering
Prepared by:	S. R. Suderman, P. Eng., Transportation Planning Facilities Engineer, Public Works Department Gary Holmes, Manager of Economic Development, Planning, Property & Development Department Marsha Christiuk, Senior Urban Designer, Planning, Property & Development Department
Processed by:	K. Ross
Date:	June 3, 2016

Attachments:
Appendix 1 – Letter of Commitment from CentreVenture Development Corporation.

APPENDIX 1

centreventure
development corporation

May 13, 2016

City of Winnipeg
Public Works Department
1155 Pacific Avenue
Winnipeg MB R3E 3P1

Attention: Mr. Lester Deane, P. Eng., Director

Dear Mr. Deane

RE: Northeast Exchange District Street Renewal Project for 2016 – Lily Street and John Hirsch Place

The Exchange Waterfront Neighbourhood Development Plan (EWNDP), approved by City Council on July 17, 2013 and amended on February 12, 2014, has a budget to contribute to enhanced streetscaping initiatives in the Exchange/Waterfront District. The Plan is administered by CentreVenture Development Corporation on behalf of the City and Province, the funders of the Plan, and is overseen by a Governance Committee consisting of representatives from the Province and City.

In 2014 and 2015, the Public Works Department, Planning Property & Development Department and CentreVenture, through the EWNDP, have combined resources to accomplish enhanced renewal of the streets and public realm in the east Exchange District and it is desired for this collaboration to continue to the expiration of the EWNDP on December 31, 2018.

The work proposed for 2016 includes the revitalization of Lily Street (from Market Avenue to Galt St.) and John Hirsch Place (from Rorie St. to Bertha Ave.), with a total estimated budget of $5.9 million proposed to be funded as follows:

Public Works Department	$2.0 million
Water & Waste Department	$0.6 million
EWNDP	$2.1 million
PP& D Department	$1.2 million
TOTAL	$5.9 million

CentreVenture, via the funds available in the EWNDP, is prepared to participate in the proposed projects up to a total of $2.1 million and has the endorsement of the existing members of the Governance Committee, however, does not have formal approval from the Governance Committee as of this date due to the change in Provincial Government that has resulted in a vacancy on the Governance Committee and thus, no quorum is available to formally approve

88-333 St. Mary Avenue, Winnipeg, MB R3C 4A5 Telephone: (204) 954-7733 / Fax: (204) 954-7739
www.centreventure.com

APPENDIX 1

centreventure
development corporation

the commitment of funds. Provincial administration is seeking to have this vacant position filled as soon as possible.

CentreVenture's participation, via the EWNDP funding, is also subject to either City Council or the CFO's office providing approval to eliminate the restrictive phasing under the current budget. As of this date, CentreVenture is not certain if the elimination of the phasing restrictions needs Council approval or if City Administration can provide approval. Our understanding is the City's Legal department has, or will be, determining how this must proceed. It should be noted, the Province does not have to undergo approvals of this nature to accommodate the funding for the work proposed for 2016 and beyond. The Provincial approval for the EWNDP allows for flexibility with respect to the timing for expenditures.

The final approval CentreVenture & Governance Committee requires is approval from the office of the Chief Financial Officer of the City and has been working with the CFO to obtain this approval which cannot be forthcoming until such time as there is certainty that the elimination of the restrictive phasing of the budget can be eliminated.

As of the date of this letter, this is the extent of the commitment CentreVenture can provide under the EWNDP. We are excited about the 2016 projects and will continue to work with our City and Provincial colleagues to achieve the necessary approvals in time to have the projects tendered and completed in 2016.

Please feel free to contact myself directly at (204) 954-7736 or Loretta Martin at (204) 954-7731 should you require any further information.

Sincerely,

Angela Mathieson
President and CEO

cc: Ms. Ramona Maddix, Province of Manitoba
Mr. Gary Holmes, City of Winnipeg
Mr. Bob Adams, City of Winnipeg