Agenda – Council – July 13, 2016

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2016

Item No. 25 Proposed Parcel 4-Forks Rail Side Development Update

STANDING COMMITTEE RECOMMENDATION:

On July 6, 2016, 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 Recommendations 2, 3, 5 and 6 of the Council decision of July 16, 2014 entitled "Proposed Parcel 4 – Forks Rail Side Development" be amended as set out in Schedule "A" hereto.

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

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2016

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 6, 2016, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On July 5, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Update – Proposed Parcel 4-Forks Rail Side Development

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

AUTHORIZATION

Author	Department Head	CFO	CAO
G. Holmes	J. Kiernan	M. Ruta	D. McNeil

RECOMMENDATIONS

1. That Recommendations 2, 3, 5 and 6 of the Council decision of July 16, 2014 entitled "Proposed Parcel 4 – Forks Rail Side Development be amended as set out in Schedule "A" hereto.
2. That the Proper Officers of the City do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Council approval is required to amend existing Council decisions.

EXECUTIVE SUMMARY

This report recommends amendments to the recommendations previously approved by Council on July 16, 2014. The original recommendations at that time spoke to the declaration of Parcel 4 as surplus to the City and a sale and 'grant back' of land value on the pre-condition of matching grants from the Provincial and Federal Governments, and on that basis, the City and Province would then also participate in the funding of public amenities associated with the Rail Side – Parcel 4 development through Tax Increment Financing (TIF) based on certain other terms and conditions.

Since that time, The Forks Renewal Corporation (FRC) has proposed a more graduated approach to the development of the site starting with the Rail Side lands and offering smaller development parcels for consideration to a broader community of developers through a RFQ / RFP process. To that end, the FRC is asking for consideration of Tax Increment Financing for the Rail Side lands without the pre-condition of transfer of Parcel 4 lands in the short term or the requirement for matching one-time contributions from the Provincial and Federal governments.

The Parcel 4 lands will continue to be owned by the City but be incorporated in the greater Concept and Master Plan for the Rail Side – Parcel 4 area. At such time as the development of

the Rail Side lands matures, the original recommendations regarding the transfer of Parcel 4 lands and senior government funding will be pursued.

In the interim, adoption of the recommendations in this report will provide further assurance to the FRC with respect to the City's contribution to the Rail Side lands through TIF. The Public Service through the Administrative Steering Committee will continue to oversee the process of developer engagement and specific Rail Side development proposals by FRC, finalization of the Concept and Master Plan, and preparation of the resulting budget for proposed public amenities. When these specific development proposals and public amenity costs are advanced by the FRC, the Public Service will be in a position to prepare tax estimates and a draft TIF By-law for the Rail Side lands with sufficient detail for consideration by Council.

IMPLICATIONS OF THE RECOMMENDATIONS

The original recommendations adopted by Council on July 16, 2014, as amended by the recommendations set forth in this report, will continue to be pursued by FRC through the Public Service. The City's representatives on the Administrative Steering Committee for the Rail Side – Parcel 4 development initiative will oversee the advancement of detail by the FRC with respect to specific Rail Side development proposals, parcel delineations, a final Concept and Master Plan, and public amenity costing detail. At such time as sufficient detail is available, the Public Service will proceed with an estimate of relevant taxes and on that basis bring forward a detailed Rail Side TIF By-law for Council's consideration.

Parcel 4 land ownership will be retained by the City of Winnipeg for its current use subject to the evolving development of the Rail Side lands and until such time when there is resulting demand for its higher-better use in the longer-term. In the interim, the Public Service will assess the progress of Rail Side lands development on an ongoing basis and further advance consideration of a Parcel 4 transfer and pursuit by FRC of a matching Federal and Provincial grant contribution accordingly.

HISTORY/DISCUSSION

HISTORY

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

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

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

On November 18, 2013, The Forks Renewal Corporation released a report on the findings of these consultations. The report concludes that the majority of participants in the Phase One consultation support the lands being developed as environments with public and community spaces, along with commercial mixed-uses, including multi-family housing. It found that citizens want the public spaces to replicate and enhance the pedestrian activity and bustle that currently characterizes The Forks. While a more urban park-like experience was preferred and advocated by most participants (e.g. street level, retail, plazas, innovative public art, sidewalk cafes), many stressed that green or natural elements should also be a significant part of the plan. It recommends that both urban and natural elements be strived for, in harmony.

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

On July 16, 2014, Council approved a report recommending that the City of Winnipeg participate in the funding of the Proposed Parcel 4 – Forks Rail Side Development project, subject to a number of conditions, including:

- A current appraisal of the Parcel 4 property owned by the City of Winnipeg
- Equal, matching grants from the Government of Canada and the Province of Manitoba
- Equal and matching TIF contributions from the Province of Manitoba
- Establishment of an Administrative Steering Committee with representation from the City, Province and The Forks Renewal Corporation

On July 15, 2015, Council adopted a motion that an extension be granted of up to one year from the adoption of this motion for The Forks Renewal Corporation to secure equal matching grants from Canada and Manitoba consistent with the conditions of Council approval on July 16, 2014 and to the satisfaction of the City's Chief Financial Officer.

DISCUSSION

The Rail Side and Parcel 4 lands are comprised of approximately 11.6 acres, 5.7 acres owned by The Forks Renewal Corporation and 5.9 acres owned by The City of Winnipeg. They are the largest surface parking lots in downtown Winnipeg and have remained unimproved since the initial brownfield reclamation of the Canadian National Railway (CNR) East Yards in the 1980's.

In early 2015, The Forks Renewal Corporation re-engaged under new executive leadership to further advance an area development plan proposal for the Rail Side and Parcel 4 sites. Since that time, the FRC have been engaging on an ongoing basis with the Administrative Steering Committee (ASC) that was established in conjunction with the July 2014 Council approval. The ASC has representation from the FRC, the City of Winnipeg and the Province of Manitoba.

The current concept, though modified from the original proposed in 2014, maintains the integrity of the previous and ongoing consultation process and is consistent with the applicable downtown development policy goals in OurWinnipeg Complete Communities. One of the key parameters flowing from the initial public consultation (November 2013) process and respected in the current development concept is the need to retain a minimum of 60% of the master development site for publicly accessible amenities.

The current draft development concept also consists of the following key attributes as reflected in a Request for Qualifications (RFQ) document released on May 6, 2016 (Attachment 1):

- the number of proposed developable 'lots' has increased in order to engage a broader number of developers and compatible mix of uses;
- the vertical scale of proposed uses on the site has been limited to approximately six stories throughout in order to advance an urban scale that promotes a vibrant, pedestrian-friendly environment without compromising the density / critical mass desired for the overall site; and,
- the number of proposed on-site, structured parking stalls has been significantly reduced to provide more contiguous development and public amenity space (alternative options to manage the long-term parking demand are being considered within the Concept and Master Plan process on a holistic, parking-district basis).

In April of 2016, the Forks Renewal Corporation's development team confirmed their intent to seek through the Public Service, a deferral by Council of:

- the consideration of the City-owned Parcel 4 lands; and,
- pursuit of Federal and Provincial one-time grants.

This intent is in favour of shorter-term consideration of a City and Provincial Tax Increment Financing (TIF) contribution for the Rail Side lands only. The Forks Renewal Corporation contends that government's funding of public amenities is integral to attracting high-quality development proposals for the site. To that end, The Forks Renewal Corporation intends to identify qualified developers to work with over the course of the summer in pursuit of a Request for Proposal process and a final Concept and Master Plan for the Rail Side lands development site.

In addition to the solicitation of interested and qualified developers, the FRC team has actively engaged the City and Provincial representatives on the Administrative Steering Committee on a business case for Tax Increment Financing. To date, preliminary estimates of public amenity costs and high-level tax projections have been provided, but all such information is subject to change based on finalization of the Concept and Master Plan and upon receipt of bona fide development proposals for the site. Prior to that time it will be difficult to estimate the actual public investment costs in relation to potential incremental taxes from development with any degree of certainty. As such, the Public Service will advance such details at a later date in conjunction with a TIF By-law that is being recommended in this report as a condition of TIF participation.

In the interim, the City of Winnipeg representatives on the Administrative Steering Committee, in conjunction with the FRC and provincial representatives, will work to ensure that the final Concept and Master Plan process and product serves to:

- finalize the public amenities and infrastructure program, budget, and TIF parameters associated with the Rail Side development;
- advance planning principles and design guidelines for built form, streets and plazas, signage and public art; and,
- optimize the site design impacts of the master development area, (including but not limited to: diversity of land use, activities and built form; physical continuity and connectivity; public accessibility; character; transportation hierarchy; heritage; public art; connection to the natural environment; view corridors; parking alternatives; vibrancy (cultural, street level); and linkages between and through the development.

FINANCIAL IMPACT

Financial Impact Statement Date: June 21, 2016

Project Name:

Tax Increment Financing for the Rail Side Lands Development

COMMENTS:

There are no direct financial implications associated with the recommendations contained in this report. Any tax increment financing implications associated with future development will be the subject of a future report to Council.

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

CONSULTATION

The Forks Renewal Corporation
The Province of Manitoba (Department of Indigenous and Municipal Relations)
Assessment and Taxation
Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

OurDowntown – Always a Priority

03 – 1a: Organizing Downtown

Further define and enhance the identity and character of Downtown's unique districts, destinations and clusters.

Formally identify Downtown's unique districts, destinations and clusters, and characterize them as distinct and complementary for the purpose of Downtown growth and development planning.

In consultation with local stakeholders, establish development criteria and enabling guidelines that support focused public and investment goals for each district, destination and cluster.

03 – 1b: Places to Live Downtown

Promote and enable a mix of residential development options as part of a mixed-use strategy Downtown, seeking to:

- Accommodate the residential needs of a large cross-section of the population.
- Establish a number of thriving 'complete' communities Downtown.
- Attract additional commerce to the area, leading to active–and safer–Downtown streets.

Promote and enable sustainable, high-density residential development in strategic locations Downtown.

Facilitate the redevelopment of vacant or underutilized properties in defined areas in support of increased residential and mixed-use development

Promote the completeness of established Downtown neighbourhoods while supporting intensification and densification where appropriate.

Facilitate the intensification of residential development and the provision of amenities and support services as deemed necessary toward the fulfillment of complete communities.

03 – 1c: Places to Work and Learn Downtown

Facilitate the transformation of under-utilized properties and accommodate projected commercial and employment growth in defined Downtown areas, taking into account highest and best use principles and foreseeable market-based economic conditions.

Ensure that Downtown is the location of choice for new office space development through initiatives such as market gap analysis, relevant incentive tools, and focused complementary public realm and transportation improvements.

03 – 1d: Places to Relax and Enjoy Downtown

Facilitate favourable conditions for public and private investment through the assembly of vacant properties or surface parking lots in defined districts where required. Support a strategic, economically viable, and focused approach to these investment opportunities with the goal of creating clustered destinations with multiple and complementary attractions.

03 – 1e: High-Quality Places Downtown

Promote exemplary urban design Downtown with the intent of producing high quality public places (districts, destinations and clusters) that:

- have their own unique identity and a clear, understandable image.
- are convenient and functional, easy to get to and move through and safe.
- are attractive and showcase design excellence.

Invest in high-quality Downtown public spaces that attract people and promote private sector investment.

Prioritize investments in the public realm that support way-finding and orientation and enhance the unique character and sense of place associated with each defined Downtown district.

Ensure that investment in public spaces supports year-round, people-oriented activity and integrates connections to other complementary amenities, destinations and points of interest.

Prioritize investment in public spaces that directly support existing and new high density mixed-use development and/or destinations that attract city-wide audiences.

03 – 1f: Getting from Place to Place Downtown

Support viable alternatives to Downtown surface parking as recommended through the city's Sustainable Transportation Direction Strategy and through the development of a Downtown Parking Strategy in order to:

- reduce the amount of surface parking Downtown.
- accommodate projected Downtown residential, commercial and employment growth.
- work with downtown agencies/stakeholders to create new opportunities for higher-density mixed use development projects.
- increase economic activity in and around strategically located, mixed-use public parking structures.
- provide a continuity of pedestrian-oriented services and amenities at street level.
- integrate with other modes of Downtown transportation to enhance connectivity

SUBMITTED BY

Department: Planning, Property and Development
Division: Economic Development / Planning & Land Use Division
Prepared by: Gary Holmes / Braden Smith
Date: June 24, 2016
File No.: o:\reports directive\office of the director\manager of economic development\2016 ris reports\2016-06-24 ris report- update-proposed parcel 4-rail side development.docx

Schedule "A"

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

~~A. Confirmation satisfactory to the City's Chief Financial Officer of equal matching grants from Canada and Manitoba to be secured by The Forks Renewal Corporation within 12 months following the date of Council approval of this report.~~
~~B. Receipt of a current appraisal of the City-owned property outlined in Plan No. 11119/15, as satisfactory to the City's CFO.~~

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

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

A. ~~Completion of Phase Two Public Consultations.~~
~~B. Finalization and approval of the final Concept and Master Plan by Council.~~ Confirmation to the satisfaction of the Chief Financial Officer of matching grants from each of the Government of Canada and the Province of Manitoba, to be secured by The Forks Renewal Corporation no later than twelve (12) months following the acquisition of the City-owned property shown outlined on Misc. Plan No. 11119/15.
~~C~~B. The City entering into a grant agreement with The Forks Renewal Corporation setting out the terms and conditions of the grant.

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

A. Confirmation satisfactory to the Chief Financial Offcer of, at minimum, an e~~E~~qual ~~and matching~~ TIF contribution~~s~~ by the Province of Manitoba.
B. Approval by Council of a TIF by-law setting out the terms and conditions of the TIF parameters with respect to municipal property taxes.
C. Finalization by The Forks Renewal Corporation and approval by Council of the final Concept and Master Plan for the Rail Side lands.

ATTACHMENT 1: The Forks Renewal Corporation – Request for Qualifications
Rail Side Phase 1

Miscellaneous Plan 11119/15