Agenda – Executive Policy Committee – July 12, 2017

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 4, 2017

Item No. 15 Budget Preparation Related to Readying the Former Public Safety Building & Civic Centre Car Park Lands

STANDING COMMITTEE RECOMMENDATION:

On July 4, 2017, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That funding from the sale of Winnipeg Square Parkade originally allocated by Council on March 23, 2011, be approved as follows:

    A. That the Public Service be authorized to utilize in 2017 up to $0.4 million of the $1.83 million, budgeted in the Winnipeg Parking Authority (WPA) 2017 Business Plan to procure design services and prepare a Class 3 cost estimate for readying the Public Safety Building and the Civic Centre Car Park lands for redevelopment, inclusive of demolition of both buildings assets should such be required as part of the future redevelopment plan.

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

Agenda – Executive Policy Committee – July 12, 2017

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 4, 2017

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On July 4, 2017, 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: **Budget Preparation Related to Readying the Former Public Safety Building & Civic Centre Car Park Lands**

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

EXECUTIVE SUMMARY

In April 2016, Council supported a 'Large Public Space & Private Development' of the Public Safety Building (PSB) and Civic Centre Car Park lands. This report acknowledges that the site of the former Public Safety Building and Civic Centre Car Park has a long and important history in Winnipeg and any redevelopment of the lands needs to recognize this important past, and embrace the future and emerging aspects of the neighbourhood.

To position the lands as a redevelopment opportunity in 2019, CentreVenture and the City of Winnipeg are committed to meaningful public engagement, to learn what Winnipeggers envision for this important site. The public engagement process is underway and will continue over the next year, with various components to draw input from citizens, stakeholders and experts in the field of architecture and urban design.

In the interest of pursuing land redevelopment opportunities in an expedient and cost effective manner, the Public Service is recommending the public engagement process recently commenced by CentreVenture occur concurrent with the Public Service refining a budget in 2017 to clear the lands of both structures, with recommendations to be provided for Council's consideration in 2018.

In 2017, consultant services will be retained to complete a scope of work review and preliminary design sufficient to advance the work cost estimate from a Class 4 to Class 3 level of accuracy. The refined cost information will be used to support any redevelopment plan approved by Council that may include demolition of either building.

RECOMMENDATIONS

1. That Council approve funding from the sale of Winnipeg Square Parkade originally allocated by Council on March 23, 2011 as follows:

   A. That the Public Service be authorized to utilize in 2017 up to $0.4 million of the $1.83 million, budgeted in the Winnipeg Parking Authority (WPA) 2017

Business Plan to procure design services and prepare a Class 3 cost estimate for readying the Public Safety Building and the Civic Centre Car Park lands for redevelopment, inclusive of demolition of both buildings assets should such be required as part of the future redevelopment plan.

2. 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

Council approval is required to utilize a portion of the funds currently allocated in the WPA's 2017 business plan toward the demolition of the Civic Centre Car Park, to be used instead to prepare preliminary design and develop a Class 3 budget for readying the Public Safety Building and the Civic Centre Car Park lands for subsequent redevelopment.

IMPLICATIONS OF THE RECOMMENDATIONS

- The current Class 4 budget estimate to prepare the subject lands for redevelopment will be refined to a Class 3 estimate during design work in 2017 and will be presented to Council for consideration as part of the 2018 Capital budget submission prior to any work proceeding to redevelopment. Additional sources of funding must be identified in that submission to address a residual estimated funding shortfall of $8.9M.

- The cost to delay redevelopment is approximately $1.2M annually based on the costs to operate vacant structures, combined with estimated annual construction escalations associated with a year delay. This cost will be avoided if design work related to readying the lands for redevelopment is undertaken concurrent to public engagement work in 2017.

- Project timelines to redevelop the lands will become more detailed once design work is complete, and will be presented as part of the 2018 Capital budget submission.

HISTORY/DISCUSSION

Discussion:

The subject lands contain two building assets within the purview of the Winnipeg Public Service. Both the Civic Centre Car Park and PSB were built in the early to mid-1960s. At that time, the Civic Centre Car Park was a state-of-the-art, precast concrete structure that revolutionized parking garage design. However, long-term exposure to severe environmental conditions resulted in its progressive deterioration. Out of an abundance of caution and to ensure public safety, the facility was shuttered in 2012. The PSB, purpose-built as a jail and associated policing operations, has in recent decades experienced delamination of its exterior limestone cladding. In 2005 a temporary hoarding was constructed over adjacent walkways to protect pedestrians from any falling stone debris. Over time the Winnipeg Police Service program has changed and relocation occurred in 2016. With both the Civic Centre Car Park and PSB no longer in civic use, redevelopment of the subject lands was mandated by Council in April, 2016.

CentreVenture Development Corporation ("CentreVenture"), in consultation with the Winnipeg Public Service, is currently undertaking public engagement relating to land redevelopment opportunities and through the public engagement process, citizens of Winnipeg will be invited to participate in defining a comprehensive redevelopment plan that achieves the highest and best use of the subject lands.

CentreVenture is estimating that the majority of the public engagement process will be complete by October of 2017, with the redevelopment of lands planning process continuing until March of 2019. In order to be prepared to pursue land redevelopment opportunities in the most expedient manner, the Public Service will retain outside consultant services in 2017, per usual practice, to obtain a refined Class 3 budget and associated preliminary design work for preparing the lands of both the Public Safety Building and Civic Centre Car Park. This information will be advanced to Council in 2018 as part of the Capital budget submission. Ensuring a Class 3 budget is prepared in 2017 will, subject to Council approval, provide the ability to commence with readying the lands for redevelopment in 2018, with subsequent completion by January of 2019, a few months in advance of commencement of redevelopment in March 2019.

Currently, the Class 4 budget prepared by the Public Service to prepare the lands for redevelopment is estimated at $10.7M. The estimate assumes the clearing of both subject buildings; a decision to retain the PSB for some form of repurposing would alter the financial analyses and value of the proposed work.

The Winnipeg Parking Authority (WPA) has funds budgeted in the WPA 2017 Business Plan of up to $1.83M for the demolition of the Civic Centre Car Park, with up to $0.4M of that total being utilized in 2017 to fund the required work needed to develop a Class 3 budget estimate for both the PSB and Civic Centre Car Park. The funds provided by WPA in 2017 of $0.4M will be used to support preliminary design work for both the PSB and the Civic Centre Car Park, however, once additional project funding is approved in 2018, the balance of any funds from WPA that was used toward the PSB will be applied back to the Civic Centre Car Park portion of this project since those funds were specifically earmarked for this purposes (i.e. the total $1.83M from the WPA will be applied toward any work required to refine a class estimate, and ultimately demolish and clear the lands at the Civic Centre Car Park site). In consideration of the entire $1.83M being allocated to this project, it leaves a total estimated project budget shortfall of $8.9M.

The WPA funding allocation of up to $0.4M will be utilized to prepare a construction logistics plan, design, and specifications for pre-redevelopment work. Class 4 cost estimate valuations for key scope elements are included below:

- Asset decommissioning, potential demolition ($3.3M)
- Hazardous materials abatement ($1.7M)
- Reconfiguration of remaining/maintained infrastructure ($0.7M)
- Site restoration ($0.2M)
- Adaptive reuse of building materials
- Construction contingency allowance

The consultant services assignment is proposed to be delivered in a phased approach that includes design and specification packages as well as a Class 3 construction cost estimate. The assignment will be structured to delineate scope and cost elements separately for the Civic

Centre Car Park and PSB. This approach will enable scope flexibility for the Public Service to ready one or both subject assets and corresponding lands for redevelopment so as to respect the outcome of analyses being performed by CentreVenture, and ultimately, any forthcoming disposition of Council.

Note the $468,000 estimate for fees for the proposed consultant assignment is based on an implied value of 7% of project cost, with the provision of services in two phases:

- Phase 1 - Design Services for design and construction tender document preparation, estimated value of $225,000;
- Phase 2 - Contract Administration Services for construction contracts, estimated value of $243,000.

The Public Service estimates that $225,000 for Phase 1 work will be fully expended during 2017. Enabling funding of up to $400,000 will allow the Public Service flexibility to advance other preemptive work of the project that may be necessary, depending on the timing of decision making and other project inputs as yet unknown.

Decision Making History:

On March 8, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development received the Administrative Report "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), and undertook the following:

- Lay over recommendations 1 and 2:
    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 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;
- Adopt recommendations 3 and 4:
    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.

A verbal update was provided to Committee regarding the historical elements of the Public Safety Building whereby the Public Service identified that an adaptive reuse of the structure was not feasible and other investments being made in buildings in the vicinity, such as City Hall, Concert Hall and the museum, maintain and highlight the best aspects of that era from a heritage perspective.

On April 27, 2016, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and adopted the following related items:

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.

On March 23, 2011 Council approved a number of recommendations pertaining to Winnipeg Parking Authority projects for immediate action (parkade development) including that the balance of the funds ($2.0 million) be held until such time as a forthcoming report is considered by Council regarding the future of the Civic Centre Car Park.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 9, 2017

Project Name:

First Year of Program 2017

Budget Preparation Related to Clearing the Former Public Safety Building & Civic Centre Car Park Lands

	2017	2018	2019	2020	2021
Capital					
Capital Expenditures Required	$ 421,260	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	421,260	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Funding Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	21,260	-	-	-	-
Net Cost/(Benefit)	$ (21,260)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(21,260)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital expenditures in 2018 consist of design & contract admin consultant services of $400,000 + short-term financing charges of $8,160 and corporate and MA admin fees of $5,100 & $8,000 respectively. The short-term financing costs and corporate/MA admin fees are offset by equal recoveries in the current budgets of the Corporate Finance Department and Municipal Accommodations Division respectively. Existing budgeted costs represents a portion of the $1.83 million included in the 2017 WPA Business Plan for the demolition of the Civic Centre Parkade. No additional budget is requested.

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

CONSULTATION

This Report has been prepared in consultation with:

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

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
	Brad Erickson, Manager of Municipal Accommodations
Date:	June 28, 2017
File No.	MA2016-277

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