Agenda – Executive Policy Committee – September 12, 2018

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 4, 2018

Item No. 18 Readying the Former Public Safety Building and Civic Centre Car Park Lands for Redevelopment – Project No. MA2018-097

STANDING COMMITTEE RECOMMENDATION:

On September 4, 2018, 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 the December 2015 "Evaluation of Strategic Alternatives for the Public Safety Building and Civic Centre Car Park" report Alternative A, "Large Public Space & Private Development", included as Appendix A, be adopted for implementation as a redevelopment plan for the former Public Safety Building and Civic Centre Car Park lands.

2. That the Public Service be authorized to obtain a Class 1 cost estimate for readying the subject lands for redevelopment, to be funded up to $0.4 million of the $1.83 million (actual expenditures, inclusive of obtaining a Class 1 cost estimate, are projected to be $0.2 million, leaving a balance of $1.63 million) budgeted in the Winnipeg Parking Authority (WPA) 2017 Business Plan.

3. That the Public Service includes for Council consideration in the 2019 capital budget process, $1.59 million to be funded through external debt that, when combined with $8.87 million that was adopted-in-principle for 2019, will provide $10.46 million in external debt funded capital budget for the Public Safety Building and Civic Centre Parkade project.

4. That expenditures of up to $480,000 be authorized in 2018 or prior to the adoption of the 2019 Capital Budget, as a first charge against the General Capital Fund, in accordance with Subsection 288(2) of the City of Winnipeg Charter, so as to perform the abatement of hazardous materials within the subject buildings prior to demolition.

5. That subject to approval by Council of the $10.46 million 2019 capital budget request noted in Recommendation # 3, the remaining $1.63 million, representing the balance required to fund the Class 3 budget estimate of $12.09 million, of the $1.83 million in total funding approved by Council within the WPA's 2017 business plan to finance the demolition the Civic Centre Car Park, be consolidated with the $10.46 million to bring the total 2019 Public Safety Building and the Civic Centre Parkade budget to $12.09 million.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 4, 2018

STANDING COMMITTEE RECOMMENDATION (continued):

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

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 4, 2018

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On September 4, 2018, 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: Readying the Former Public Safety Building and Civic Centre Car Park Lands for Redevelopment – Project No. MA2018-097

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. Wardrop, Acting CAO

EXECUTIVE SUMMARY

In April 2016, Council supported a "Large Public Space & Private Development" redevelopment plan for the former Public Safety Building and Civic Centre Car Park lands, subject to public engagement activities and evaluation of prospective redevelopment options.

In July 2017, Council authorized that up to $0.4 million of $1.83 million budgeted in the Winnipeg Parking Authority (WPA) 2017 Business Plan for the demolition of the Civic Centre Car Park be utilized 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.

In March 2018, CentreVenture Development Corporation released an urban design framework for redevelopment of the Market Lands site, following an extensive public consultation process. The report identifies that the highest and best use of the subject lands, therein referenced as the Market Lands, can be achieved by redevelopment into a new destination for all Winnipeggers, comprised of quality public outdoor spaces surrounded by mixed-use developments with places to live, work, and play including a new public market building. Such a repurposing, wherein the subject lands would be cleared of all existing civic assets by early 2020, is aligned with the redevelopment plan endorsed by Council in April 2016.

The Public Service has recently completed a preliminary design for the recommended redevelopment plan and has obtained a Class 3 Cost Estimate of $12.09 million to ready for redevelopment, in 2019, the former Public Safety Building and Civic Centre Car Park Lands.

The request for authorization of a first charge of $480,000 in project funding on 2019 capital will enable the Public Service to perform certain work components on an accelerated schedule, and result in an earlier completion date for the overall project.

The 2018 Adopted Capital Budget and 2019 to 2023 Five-Year Forecast included $8.87 million in 2019 toward the cost of readying the Public Safety Building and the Civic Centre Parkade

lands for redevelopment (the Project). It is recommended that the Public Service includes for Council consideration in the 2019 capital budget process $1.59 million to be funded through external debt that, when combined with the $8.87 million, will provide $10.46 million for the Project. It is also recommended that $1.63 million, the projected remainder from the $1.83 million budgeted in the WPA 2017 Business Plan for the demolition of the Civic Centre Parkade, be consolidated with the $10.46 million for a total Project budget of $12.09 million.

RECOMMENDATIONS

1. That the December 2015 "Evaluation of Strategic Alternatives for the Public Safety Building and Civic Centre Car Park" report Alternative A, "Large Public Space & Private Development", included as Appendix A, be adopted for implementation as a redevelopment plan for the former Public Safety Building and Civic Centre Car Park lands.

2. That the Public Service be authorized to obtain a Class 1 cost estimate for readying the subject lands for redevelopment, to be funded up to $0.4 million of the $1.83 million (actual expenditures, inclusive of obtaining a Class 1 cost estimate, are projected to be $0.2 million, leaving a balance of $1.63 million) budgeted in the Winnipeg Parking Authority (WPA) 2017 Business Plan.

3. That the Public Service includes for Council consideration in the 2019 capital budget process, $1.59 million to be funded through external debt that, when combined with $8.87 million that was adopted-in-principle for 2019, will provide $10.46 million in external debt funded capital budget for the Public Safety Building and Civic Centre Parkade project.

4. That expenditures of up to $480,000 be authorized in 2018 or prior to the adoption of the 2019 Capital Budget, as a first charge against the General Capital Fund, in accordance with Subsection 288(2) of the City of Winnipeg Charter, so as to perform the abatement of hazardous materials within the subject buildings prior to demolition.

5. That subject to approval by Council of the $10.46 million 2019 capital budget request noted in Recommendation # 3, the remaining $1.63 million, representing the balance required to fund the Class 3 budget estimate of $12.09 million, of the $1.83 million in total funding approved by Council within the WPA's 2017 business plan to finance the demolition the Civic Centre Car Park, be consolidated with the $10.46 million to bring the total 2019 Public Safety Building and the Civic Centre Parkade budget to $12.09 million.

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

REASON FOR THE REPORT

On May 24, 2018, Council adopted the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development as follows:

1. That the CentreVenture Development Corporation Business Plan, "Drive for 2020", be approved.

2. That CentreVenture Development Corporation ("CentreVenture") be authorized to use the proceeds from the marketing and disposition of the properties set out in Property Recommendation 12 below to fund CentreVenture's general operating expenditures, with residual proceeds deposited to reduce CentreVenture's line of credit and used only as specifically outlined within CentreVenture's Business Plan Pro-forma.

On April 27, 2016, Council adopted the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development as follows:

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.

Council approval is required for a first charge for an expenditure of 2019 capital funds prior to the adoption of the 2019 capital budget.

IMPLICATIONS OF THE RECOMMENDATIONS

- In 2019, the subject lands would be cleared and readied for subsequent redevelopment by third parties, pending capital funding allocation to the project. The scope of associated work includes demolition and clearing of the Public Safety Building (PSB), Civic Centre Car Park (CP), and adjacent plaza/park spaces located within the subject lands. Schedule start and completion of the work will be dependent on the timing of the availability of project funding; as such, it is estimated that the work would be completed within the first quarter of 2020.
- The authorization of a first charge of $480,000 in project funding on 2019 capital will enable the Public Service to perform certain work components on an accelerated schedule, and result in an earlier completion date for the overall project.
- The 2019 capital budget submission for Council consideration will include a Public Safety Building and Civic Centre Parkade capital project with a budget of $12.09 million funded by external debt of $10.46 million and consolidated funding of $1.63 million from the WPA.
- Specific redevelopment initiatives/plans associated with the civic retained land parcel shall be determined by future decision(s) of Council.

HISTORY/DISCUSSION

Decision Making History

On December 12, 2017, Council adopted the 2018 Capital Budget and 2019 to 2023 Five-Year Forecast, which included $8.87 million in 2019 for the 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.

On July 19, 2017, Council adopted the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development as follows:

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

   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.

On April 27, 2016, Council adopted the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development as follows:

3. 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.

4. 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.

<u>Preliminary Project Design and Class 3 Cost Estimate</u>

On January 28, 2018, Stantec Architecture Ltd was retained by the City of Winnipeg to complete a Phase 1 Preliminary Design and Provision of Class 3 Cost Estimate for Readying the Lands of the former Public Safety Building and Civic Centre Car Park located at 151 & 171 Princess Street, Winnipeg. Stantec's scope of work was to determine the feasibility of three (3) scenarios for readying the Lands of the above as follows:

1. <u>Phase 1</u>
   i. Redevelopment Scenario 1: Both PSB and CP are decommissioned and demolished;
   ii. Redevelopment Scenario 2A: Demolish CP and mothball PSB fit for sale (assume future owner will satisfy the caveat of the lands be used for public use). City to maintain regular Engineering reports of the building to ensure the building

dilapidation is maintained and monitored. Update hording around PSB with purpose-adapted Sea-Containers;

iii. Redevelopment Scenario 2B: Demolish CP and decommission PSB to a vacant building but maintain the standards as the City of Winnipeg Vacant Buildings Bylaw No. 79/2010.

2. Phase 2
   1. The Work in Phase 2 of this Contract is contingent upon receiving direction from City Council to proceed with the Work, or otherwise. Should the City elect to not advance the Work, or, if the budget approved by Council does not include sufficient funding for the Work, the City will have no obligation to award a Contract.

The Project Team has reviewed the three proposed scenarios and concluded that Scenario 1 is the most cost effective for the City of Winnipeg, with a Class 3 Total Project Cost Estimate of $12.09 million.

Building Demolition Plan

- Until such time that the work to ready the subject lands for redevelopment can proceed, the PSB and CP structures will remain vacant and in their current state of monitoring/ repair. Although a deferred maintenance plan remains in practice, incremental operational investment into PSB and/or CP may be necessary in order to maintain critical systems such as fire suppression. Ongoing structural evaluation and stabilization efforts for the PSB exterior cladding and CP superstructure will be funded and maintained.
- Until such time that the work to ready the subject lands for redevelopment can proceed, plaza/park areas within the subject lands will remain open and be maintained for public use.

- Demolition of the PSB and CP structures shall be treated as one project to achieve an economy of scale in terms of the contractual cost of performing the work, and for representing the overall project monetary cost and associated funding requirements.

- The Public Service has ascertained that hazardous building materials abatement could be undertaken in advance of the overall construction project at a cost of approximately $480,000. The benefit in executing this plan is to simplify the scope and logistics of demolition work, and correspondingly reduce the completion schedule by two to three months. The ‘pre-work’ plan can be executed in 2018 or in early 2019 prior to adoption of project capital funding and the subsequent tender/award of the primary contract.

- Upon commencement of demolition work, the entire City block encompassing the subject property would be closed and barricaded. Demolition of each building is expected to be successive rather than simultaneous.

- Building demolition is proposed to be a non-implosive, gradual deconstruction process using hydraulic equipment to selectively remove and demolish elements of the structure as per a City approved Engineered Demolition Plan.

- If the recommended redevelopment plan is not approved and the PSB is to be retained to serve some other future purpose, the Public Service will be obliged to maintain current asset maintenance, operational efforts, and associated monetary expenditures until such time that the building is repurposed.

FINANCIAL IMPLICATIONS

Financial Impact Statement

Date: July 20, 2018

Project Name:

First Year of Program 2019

Readying the Former Public Safety Building and Civic Centre Car Park Lands for Redevelopment – Project No. 2017-108

	2019	2020	2021	2022	2023 to 2030
Capital					
Capital Expenditures Required	$ 9,610,600	$ 2,479,700	$ -	$ -	$ -
Less: Existing Budgeted Costs	1,630,000	-	-	-	-
Additional Capital Budget Required	$ 7,980,600	$ 2,479,700	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	7,980,600	2,479,700	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ 7,980,600	$ 2,479,700	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 10,460,300				
Total Additional Debt Required	$ 10,460,300				
Current Expenditures/Revenues					
Direct Costs	$ 1,146,900	$ 1,147,700	$ 1,308,900	$ 1,308,900	$ 8,611,400
Less: Incremental Revenue/Recovery	436,500	48,600	-	-	-
Net Cost/(Benefit)	$ 710,400	$ 1,099,100	$ 1,308,900	$ 1,308,900	$ 8,611,400
Less: Existing Budget Amounts	658,000	671,200	684,600	698,300	6,113,400
Net Budget Adjustment Required	$ 52,400	$ 427,900	$ 624,300	$ 610,600	$ 2,498,000

Additional Comments: Capital expenditures in 2019 & 2020 consist of the estimated contract amount of $11,467,600 to demolish the PSB and CP + divisional overheads of $287,600 and Corporate interest & admin costs of $335,100. The latter two amounts are offset by recoveries in the current budget of the Municipal Accommodations Division (PPD) and Corporate Finance Department respectively. For this analysis, it is assumed that demo costs are incurred 80%/20% over 2019/20. Existing budgeted capital costs represent the portion (i.e. $1.63 million) of the $1.83 million remaining from that approved by Council in 2017 (Min. No. 518, July 19, 2017). Direct costs consist of debt & finance charges, for 2019 & 2020, of $488,900 & $1,147,700 respectively, $1,308,900 in each of 2021 & 2022 and $8,611,400 from 2023 to 2030. Also, included in 2019 are mothball costs for both structures of $658,000. This is based on the assumption that no mothball costs will be required beyond December 31, 2019. Existing budget amounts for mothball costs in 2019 are $658,000 and amounts included for 2020 to 2030 have been increased each year by an assumed inflation factor of 2% (i.e. what would have been budgeted if not for the structures being demolished). For the purposes of this analysis, it is assumed that expenditures related to the $480,000 first charge will not be incurred until after December 31, 2018.

"Original signed by"

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Winnipeg Parking Authority (as to Civic Centre Car Park)

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: B. Piniuta, P.Eng.
Date: July 25, 2018

Attachments:
Appendix A: Deloitte Report Excerpt – Preferred Alternative

Appendix B: Proposed Capital Detail Sheet

PLANNING, PROPERTY AND DEVELOPMENT - MUNICIPAL ACCOMMODATIONS FUND

Project Name: **Public Safety Building and Civic Centre Parkade**

Standing Policy Committee:	Property and Development, Heritage, and Downtown Development		
Dept ID:	630675	Investment Driver:	Growth
Department:	Municipal Accommodations	Service:	Property Asset Management
Project:	63xxxxx19	**OurWinnipeg:**	Prosperity

AUTHORIZATION	Previous Budgets	2019 Estimate	FORECAST 2020	2021	2022	2023	2024	Five-Year Forecast Total	Six-Year Total
Project Costs ($000's)	1,630	10,460	-	-	-	-	-	-	10,460
Financed by:									
External Debt		10,460						-	10,460

CASH FLOW	2019	2020	2021	2022	2023	2024	Beyond 2024	Total
Project Costs ($000's)	7,981	2,479	-	-	-	-	-	10,460
Financed by:								
External Debt	7,981	2,479						10,460

NET OPERATING IMPACT ($000's)	2019	2020	2021
Operating costs			
Debt and finance charges	350	557	557
Transfer to General Capital Fund			
Total Direct Costs	350	557	557
Less: Incremental Revenue/Recovery		12	
Net Cost/(Benefit)	350	545	557
Incremental Full Time Equivalent Positions	-	-	-

Class Estimate: 3

This proposed project encompasses the demolition of the former Public Safety Building and Civic Centre Car Park, and clearing of the associated civic lands on Princess Street to make way for the subsequent redevelopment by Others. Subject to Council approval within suitable timelines, the associated construction work is anticipated to commence early in the second quarter of 2019 and to conclude by the first quarter of 2020. Approval of this project will in part support CentreVenture Development Corporation's 2020 Business Plan, and will enable redevelopment and revitalization of the subject property within the Civic Campus/Exchange District area.

Subject to capital project funding being approved, the PSB & CP buildings will be demolished and:
- The Public Service will no longer be required to continue asset operations/maintenance with associated funding implications;
- the risk of a structural failure of the CP building or PSB cladding will be eliminated;
- CentreVenture Development Corporation will be able to pursue redevelopment of the subject property, as part of their approved 2020 Business Plan;
- Reinvestment and revitalization of that part of Exchange District area of Downtown Winnipeg, will proceed.

Note: The previous budget amount of $1.63 million represents the projected remainder from the $1.83 million budgeted in the Winnipeg Parking Authority's 2017 Business Plan for the demolition of the Civic Centre Parkade that, when consolidated with the $10.46 million, results in a total Project budget of $12.09 million.