Agenda – Council – July 18, 2019

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2019

Item No. 1 2019 Update – Proposed Parcel 4 – Forks Rail Side Development (Fort Rouge-East Fort Garry Ward)

STANDING COMMITTEE RECOMMENDATION:

On July 9, 2019, the Executive Policy Committee concurred in the recommendation of Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the following to Council:

1. That the Council decisions of July 16, 2014 entitled "Proposed Parcel 4 – Forks Rail Side Development" and the July 13, 2016, "Update - Proposed Parcel 4 – Forks Rail Side Development" respectively, be rescinded.

2. That the City-owned property commonly known as "Parcel 4 or Railside North", identified as "Subject City Property" on the attached Misc. Plan No. 11119/15, be declared surplus to the needs of the City.

3. That the "Offers to Purchase City-Owned Property" Policy approved by Council on December 6, 2006, be waived in this instance.

4. That the sale of the Subject City Property, or any part thereof, to The Forks Renewal Corporation at a purchase price equal to the appraised market value at the time of sale, be approved.

5. That the City enter into, execute and deliver an Offer to Purchase with The Forks Renewal Corporation, and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements).

6. That authority be delegated to the Director of the Planning, Property and Development Department to negotiate and approve the terms and conditions of the Offer to Purchase and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

7. That the Public Service be directed to report back to Council with recommendations for any future required Tax Increment Financing contributions further to the July 16, 2014 Council approved direction, in support of "Railside North" and "Railside South" development.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2019

STANDING COMMITTEE RECOMMENDATION (continued):

8. That the Proper Officers of the City 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, 2019

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 9, 2019, 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, 2019, 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: 2019 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
M. Pittet	J. Kiernan	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

Council previously approved a direct sale of the Subject City Property identified on Misc. Plan 11119/15 (attached as Schedule A) to The Forks Renewal Corporation (the "FRC") subject to terms and conditions. The FRC has requested that the previous Council approvals be amended to allow for imminent and phased development on the site.

The current recommendation is consistent with the previous Council intent which was to allow the FRC to purchase and develop the Subject City Property in accordance with Council Policy for the *Railside at the Forks* Concept Plan.

RECOMMENDATIONS

1. That the Council decisions of July 16, 2014 entitled "Proposed Parcel 4 – Forks Rail Side Development" and the July 13, 2016, "Update - Proposed Parcel 4 – Forks Rail Side Development" respectively, be rescinded.

2. That the City-owned property commonly known as "Parcel 4 or Railside North", identified as "Subject City Property" on the attached Misc. Plan No. 11119/15, be declared surplus to the needs of the City.

3. That the "Offers to Purchase City-Owned Property" Policy approved by Council on December 6, 2006, be waived in this instance.

4. That the sale of the Subject City Property, or any part thereof, to The Forks Renewal Corporation at a purchase price equal to the appraised market value at the time of sale, be approved.

5. That the City enter into, execute and deliver an Offer to Purchase with The Forks Renewal Corporation, and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements).

6. That authority be delegated to the Director of the Planning, Property and Development Department to negotiate and approve the terms and conditions of the Offer to Purchase and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

7. That the Public Service be directed to report back to Council with recommendations for any future required Tax Increment Financing contributions further to the July 16, 2014 Council approved direction, in support of "Railside North" and "Railside South" development.

8. 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 rescind previous Council recommendations.

The previous Council decisions in 2014 and 2016 recommended a grant be approved to The Forks Renewal Corporation (the "FRC"), subject to confirmation of matching funding from the Province of Manitoba and the Government of Canada. The FRC was not successful in their requests for funding to the other levels of government, which has affected the intent of the previous Council recommendations.

In order to allow the FRC to purchase and develop the Subject City Property in accordance with the intent of previous Council decisions, the Public Service recommends a direct sale(s) to the FRC for all or any part of the Subject City Property at the market value at the time of sale.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no regulatory, operational, human resource or other implications associated with this report.

Due to environmental and archaeological impacts, site planning on the Subject City Property is a dynamic process. Pre-approval of the purchase price at the current market value will allow the FRC to purchase specific portions of the Subject City Property without further Council approval. The purchase price will be established by an external appraisal that will comply with the Canadian Uniform Standards for Professional Appraisal Practice.

Any costs to remediate the Subject City Property (environmental and/or archaeological) will be borne by the Land Operating Reserve as a cost of sale so the FRC will pay the un-impacted current market value of the property.

It is expected that the FRC will purchase a portion of the Subject City Property in the immediate future and make subsequent purchases as opportunities arise.

Limiting the sale to a portion of the Subject City Property will, in the short term, allow the City to manage on-site parking, accommodating large and oversize vehicles for local events. An

alternative location for oversize vehicle parking, in lieu of the Subject City Property, has not yet been identified.

The City of Winnipeg's contribution through Tax Increment Financing ("TIF") would support the development of new public spaces in Winnipeg's pre-eminent tourist destination while assisting in generating over $200 million in private development.

HISTORY/DISCUSSION

The sale of the Subject City Property and related terms and conditions were approved by Council on July 16, 2014 and subsequently amended on July 13, 2016. In order to avoid confusion between the previous decisions and current recommendations, the Public Service recommends that all prior decisions with respect to the Subject City Property be rescinded. The current recommendation is consistent with the previous Council intent which was to allow the FRC to purchase and develop the Subject City Property in accordance with Council Policy for the Railside at the Forks Concept Plan.

It is important to note that the FRC previously expressed a desire to purchase the Subject City Property in its entirety but the FRC's inability to secure provincial and federal grants has affected their business model. As a result, the FRC has requested to purchase portions of the Subject City Property as opportunities arise. Sequential sales will allow the City to manage on-site parking in the interim, as parking for oversized vehicles in the downtown area is limited.

The FRC has advised the Public Service of a potential opportunity on the Subject City Property that compliments the Railside Phase I development to the south (which is the impetus for this report).

The Subject City Property was circulated to all civic departments and, though Council previously approved the sale, the Winnipeg Parking Authority and the Transit Department both objected. The Winnipeg Parking Authority expressed concerns about the lack of an alternate location to park oversize vehicles which adversely impact parking in the downtown, while Transit advised that the Rapid Transit Master Plan should be completed prior to a sale. Sequential sales of the Subject City Property will address these civic concerns.

The FRC business plans for development at Railside (including Parcel 4) included consideration and contribution by the Province of Manitoba and the City of Winnipeg via Tax Increment Financing ("TIF").

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 July 16, 2014, Council approved a report recommending that the City of Winnipeg participate in the funding of a 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

The use of a future TIF funding mechanism for the specific purpose of re-investment into public realm and infrastructure aligns with previous Council dispositions and addresses the financing gaps related to the anticipated quality of development and public spaces required to meet public expectations, re-purposing surface parking lots, and the creation of parkades for up to 1,200 visitor stalls.

FINANCIAL IMPACT

Financial Impact Statement Date: June 28, 2019

Project Name:

2019 Update – Proposed Parcel 4-Forks Rail Side Development

COMMENTS:

There are no financial implications associated with this report.

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

CONSULTATION

This Report has been prepared in consultation with:

Legal Services (as to legal issues)
Transit Department
Winnipeg Parking Authority
Ward Councillor

OURWINNIPEG POLICY ALIGNMENT

OurDowntown

03 – 1a: Organizing Downtown

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

03 – 1b: Places to Live Downtown

- Promote and enable a mix of residential development options as part of a mixed-use strategy Downtown.
- 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).
- Invest in high-quality Downtown public spaces that attract people and promote private sector investment.

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.

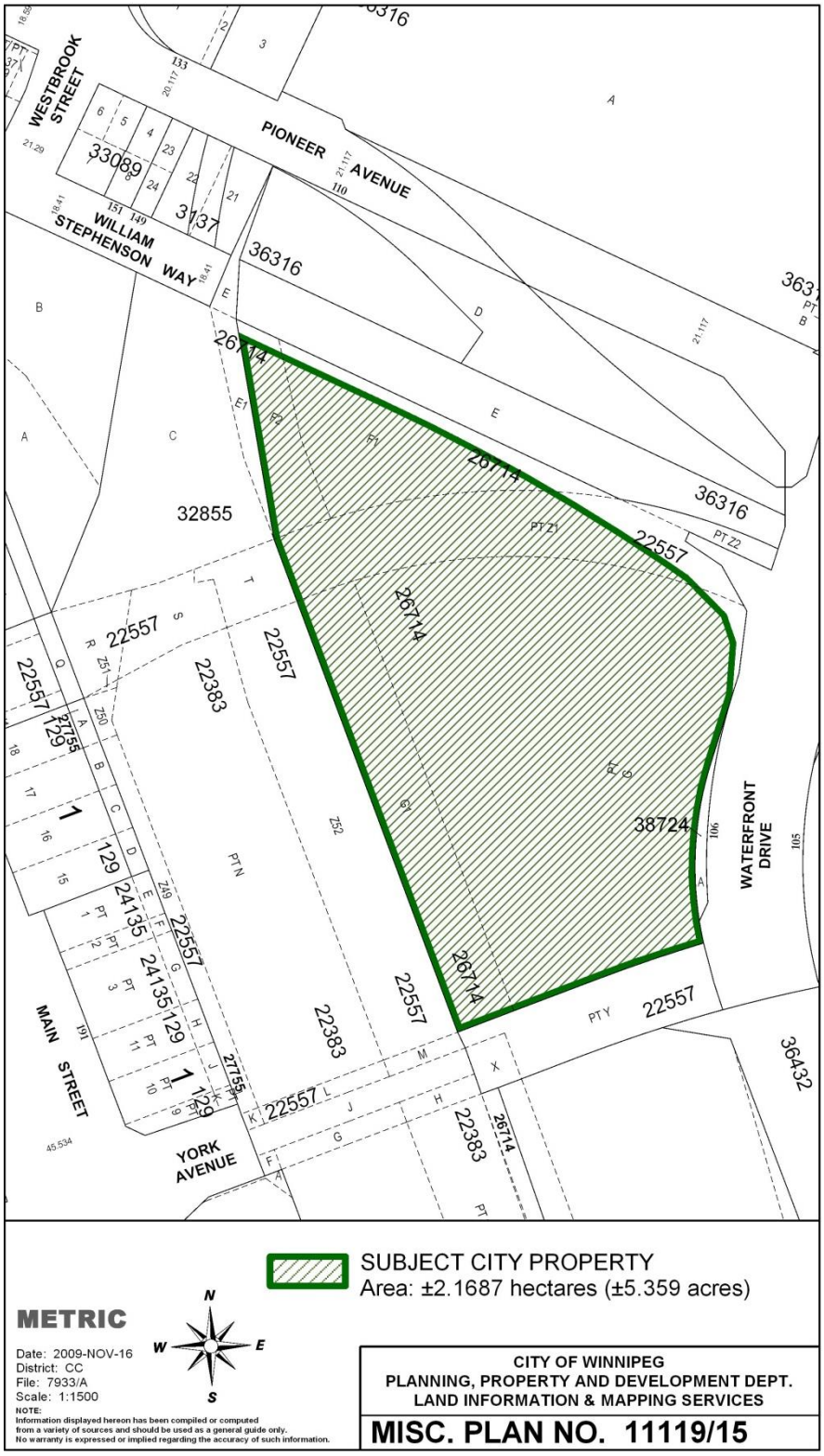
SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Julian Roberts, Senior Negotiator
Date: June 28, 2019
File No: 7933/A V4

Attachments:

Schedule A – Misc. Plan 11119/15
Schedule B – Railside Properties

Schedule A – Misc. Plan 11119/15



Schedule B – Railside Properties



Railside North – owned by the City of Winnipeg
Railside South – owned by the Forks Renewal Corporation