Minutes – Executive Policy Committee – July 5, 2023

Report – Standing Policy Committee on Property and Development – June 27, 2023

Item No. 6 Amendment to the Real Estate Policy Framework (Land Operating Reserve Fund)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the following to Council:

1. That amendments to the Real Estate – Land Operating Reserve Fund Council Policy, attached as Appendix A to this report, be approved.

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 – June 27, 2023

DECISION MAKING HISTORY:

Moved by Councillor Rollins,

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than four business days preceding the committee meeting, be considered by Committee.

Carried

Moved by Councillor Rollins,

That the recommendation of the Standing Policy Committee on Property and Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On June 27, 2023, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Amendment to the Real Estate Policy Framework (Land Operating Reserve Fund)

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

AUTHORIZATION

Author	Department Head	CFO	CAO
G. Chappell (Acting)	M. Pittet (Acting)	N/A	M. Jack

EXECUTIVE SUMMARY

The Land Operating Reserve Fund Policy presently allows for limited repair and maintenance expenditures on the City's rental portfolio. In situations where a City building is not leased or licensed, the Land Operating Reserve cannot be used as a source of funding for repairs and maintenance.

The City has six museums which operate with a City appointed Board and may or may not be leased/licensed (e.g., management agreement vs. lease). To avoid a funding gap where these museums, most of which are also "Historical Resources" as defined by the Historical Resources By-law No. 55/2014, do not have access to a viable funding source for critical repairs, it is recommended that the Real Estate - Land Operating Reserve Fund Policy be amended to allow for additional pre-approved expenditures.

The Director of Planning, Property and Development will continue to administer the Fund and approve expenditures within their delegated authority. The recommendations of this report are consistent with previous Council direction regarding the six museums, the Mayor's 2017 Task Force on Heritage, Culture and Arts and OurWinnipeg 2045.

RECOMMENDATIONS

1. That amendments to the Real Estate – Land Operating Reserve Fund Council Policy, attached as Appendix A to this report, be approved.

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 amend Council policies.

IMPLICATIONS OF THE RECOMMENDATIONS

Should the recommendations within this report be approved, the Director of Planning, Property and Development will be authorized to expend Land Operating Reserve Funds on leased/licensed City property, including the City's six museums, for the purpose of critical maintenance and capital improvements.

HISTORY/DISCUSSION

With the exception of parkland, the revenue generated from sales of City-owned property is credited to the Land Operating Reserve Fund. The City's Land Operating Reserve Fund Policy outlines how revenue is collected, allocated, managed and dispersed.

Section 3.3 of the Land Operating Reserve Fund Policy states the following:

3.3 Council is authorized to approve any source or use of funds other than the following disbursements:

A. The cost of acquisition of properties for resale and other expenditures related to the acquisition, sale, improvement and disposition of such properties;

B. The cost of maintenance and capital improvements of leased or licensed City Property, subject to a maximum (non-accumulating) annual disbursement of $250,000.

The general intent of 3.3 B was to ensure that the City's rental portfolio had access to funding for use during an emergency (e.g., roof failure, loss of heat, etc.) or an unexpected event (e.g., building code non-compliance). Regular maintenance and capital improvements for the rental portfolio would continue to be resourced and managed through the Assets and Project Management Department.

Due to competing interests for capital dollars, it is challenging to maintain the City's rental portfolio in an adequate condition - the City relies on investments from its tenants and capital budgets when available.

Presently, there is a funding gap with the City's museums which are run by City-appointed boards. The six museums are:

1. Le Musée de Saint-Boniface Museum (494 Tache Avenue)
2. Transcona Historical Museum (141 Regent Avenue West)
3. Seven Oaks House Museum (50 Mac Street)
4. Ross House Museum (140 Meade Street North)
5. The Historical Museum of St. James – Assiniboia (3180 Portage Avenue)
6. Grants Old Mill (St. James-Assiniboia Pioneer Association Inc.) (2777 Portage Avenue)

Due to their status as museums, the six above-noted properties incur higher maintenance and repair costs because of their historical features and materials such as log-framed exterior walls, hand-hewn timbers, cedar-shingle roofs, and original wood windows, doors, and detailing. In addition, the pool of contractors that can engage in this type of work in Winnipeg is limited due to the requirement for specialized knowledge and construction practice.

On December 12, 2019, Council directed the Public Service to enter into formal leases and/or agreements with the six aforementioned museums. As a matter of process, the ongoing development of the Strategic Facilities Master Plan has delayed entering into formal leases/agreements with these museums. Given Council's previous direction, it is expected that formal agreements will be recommended to Council at a later date for the six museums.

Section 3.3 of the Real Estate - Land Operating Reserve Fund Policy is not applicable to a few of the above-noted museums because a formal lease/licence agreement is not in place. To ensure stable funding is provided to the museums for critical maintenance and repairs, regardless of their agreement status, it is recommended that Section 3.3. of the Land Operating Reserve Fund Policy be expanded to include funding for the six museums.

The proposed policy amendment is consistent with the recommendations offered by the Mayor's 2017 Task Force on Heritage, Culture and Arts (the "Task Force"), namely:

> *Recommendation # 2: Support on-going built heritage conservation and re-development efforts through strategic re-investment of the Gail Parvin Hammerquist Fund and improved coordination among agencies.*
>
> *Recommendation # 4: That the City establish a maintenance fund to support its own heritage, arts and culture facilities.*

Although five of the six museums could qualify for funding via grant agreement through the Gail Parvin Hammerquist ("GPH") Fund given their status as a "Historical Resource", GPH funds are limited. Creating a separate funding source apart from the GPH Fund aligns with Recommendation #4 from the Task Force.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 9, 2023

Project Name:

Amendment to the Real Estate Policy Framework (Land Operating Reserve Fund)

COMMENTS:

There are no financial implications associated with the recommendations contained in this report. The six museums will be eligible facilities on which a portion of the annual $250,000 for maintenance and capital improvements can be spent.

Mike McGinn May 9, 2023
Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Assets and Project Management
- Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

OurWinnipeg 2045 states the following regarding heritage conservation and investment:

2.14 Heritage Conservation
Identify, designate and conserve heritage resources and districts, including lands and artifacts significant to Indigenous Peoples, that illustrate the broad range of heritage values, as defined in Complete Communities, while supporting efforts toward carbon-neutrality, energy efficiency, and embodied carbon reduction.

3.7 Heritage Investment
Facilitate the economic viability of heritage conservation by working with agencies, partnerships, and government bodies, including Indigenous, Federal, and Provincial governments, to provide leadership, incentivize the conservation of heritage resources, and districts as defined in Complete Communities.

5.9 Heritage Conservation
Provide opportunities for heritage education, truth-telling, and reconciliation, through the commemoration, conservation, and stewardship of both tangible and intangible heritage resources, including Indigenous land-based practices and artifacts, public names, places, and art, museum artifacts, and archived information.

6.43 Heritage Conservation
Conserve cultural, natural, and heritage resources and districts, as defined in Complete Communities, and Indigenous land-based practices to celebrate sense of place through community history, architecture, civic identity and cultural perspectives.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Gord Chappell, Acting Manager of Real Estate and Land Development
Date: May 11, 2023

Attachments:

Appendix A – Amendment to Real Estate – Land Operating Reserve Fund Policy