Report of the Executive Policy Committee dated June 12, 2002

Proposed Extension and Amendment of the CentreVenture Asset Agreement
File EP-1.2.3 (Vol. 4)

3. On April 3, 2002, the Executive Policy Committee, requested, in part, that:

> "The expansion of the boundaries of the CentreVenture Mandated Area, renewal of the Asset Agreement for an additional three years and revision of Category D to reflect similar intent to Category B lands be referred to the Standing Policy Committee on Property and Development for report back to the Executive Policy Committee for its meeting scheduled for April 17, 2002."

On April 4, 2002, the Standing Policy Committee on Property and Development instructed that the matter be referred to the Administration for review and report back to a special meeting at the call of the Chairperson.

On April 15, 2002, the Standing Policy Committee on Property and Development considered a Report from the Planning, Property and Development Department dated April 11, 2002, and instructed the Department to review the proposal to extend the CentreVenture Asset Agreement and to report back in thirty (30) days.

On April 17, 2002, the Executive Policy Committee considered the Report of the Standing Policy Committee on Property and Development dated April 15, 2002, and laid the matter over for thirty (30) days.

On May 15, 2002, the Executive Policy Committee again considered the Report of the Standing Policy Committee on Property and Development dated April 15, 2002, and laid the matter over for an additional thirty (30) days.

The Planning, Property and Development Department has now reviewed the various issues and has met with CentreVenture.

Part A - Term of Agreement Extension

The Executive Policy Committee requested that consideration be given to extending the Asset Agreement for a further period of three (3) years.

In discussion with CentreVenture (hereinafter referred to as CV), the Department was advised that CV would prefer if the Agreement was extended by four (4) years so as to align with the termination dates of the "contribution and operating agreements", which have been extended for a four (4) year period.
The Department supports CV's request for a four (4) year extension terminating on November

16, 2006, as such an extension would cause a complete alignment of all of the related Agreements.

Part B – Amendments to the Asset Agreement

The Department identified a number of issues in its report dated April 11, 2002, that warranted consideration for amendment in the Asset Agreement. These three (3) issues have now been discussed with CV. CV did not identify any other requests for amendments. The issues are as follows:

1) **Grant of Access and Release and Indemnity Agreement**

   This is a proposed Agreement which will enable CV to enter upon the city-owned lands and into the buildings for the limited purposes of inspecting, viewing, and enhancing the appearance of the properties, provided that the enhancements do not include any installations or alterations to the premises. This Agreement will allow CV to have ready access to the premises and will enable CV to both "show" the premises to prospective purchasers and allow CV's contractors to conduct minor enhancements to the premises.

   The Administration supports the creation of this form of Agreement, and accordingly, much time and effort has been spent in negotiating and documenting the terms of the said Agreement. At the date of the writing of the report, there is agreement on all but one term dealing with "indemnification". This matter was last discussed at a meeting held on May 22, 2002, which was attended by the respective solicitors and insurance professionals. The Administration is continuing to review the matter of indemnification.

   Both CV and the Administration are of the opinion that the terms of the Asset Agreement should be amended to provide for the inclusion of reference to this "access and indemnification" agreement, with the final Agreement to be added as a schedule to the Asset Agreement.

   The Department recommends that the Chief Administrative Officer be delegated the authority to approve the final terms of the proposed "Grant of Access and Release and Indemnity Agreement" and to amend the CentreVenture Asset Agreement accordingly.

2) **Provision for CentreVenture to be Granted an Option to Lease City-owned Property**

   The provision for leasing City-owned property needs to be developed for those instances where CentreVenture decides to lease rather than sell (such as riverbank property along Waterfront Drive, 590 Main Street and the Mountain Equipment development at 297/301 Portage Avenue).

The Department would advise that the existing Asset Agreement does not specifically include terms which address instances where CV enters into leases of property with third parties. The Department has no difficulty with CV entering into leases, but is concerned that the City is not exposed to risk in the event that CV leases extend beyond its mandate.

CV has advised that, in its opinion, there will be no risk to the City in view of its By-laws and covenants as provided to the City.

The Legal Services Division has been consulted on this matter and has advised that the Asset Agreement could be amended to provide for the granting of a lease to CV for development purposes through subleasing arrangements. That way, the City would remain the registered owner. Legal Services has suggested that the solicitor for CV be invited to draft an amendment that reflects CV's needs.

The Department recommends that the Chief Administrative Officer be delegated the authority to approve the final terms relating to the grant of a lease to CV for development purposes, and to amend the CentreVenture Asset Agreement accordingly.

3) Provision for the City to Remove Properties From the Asset Agreement

The City may from time to time change its opinion as to the declaration as surplus of any property as listed in the Asset Agreement. For instance, this situation occurred at the northwest corner of Higgins Avenue and Main Street where part of certain lands optioned to CV were required by the City to effect a land exchange necessary to facilitate the acquisition of property for the Council approved Higgins Avenue Widening Capital Project.

The Department and CV both agree that the Asset Agreement should contain provisions to deal with this eventuality. The parties are of the view that Council should be able to delete properties from the Asset Agreement, but in recognition of the costs and lost opportunities to CV.

The Department suggests that where CV has proceeded to market or improve these lands, but where there is no expressed interest, then, CV should be able to at least recover its marketing and site improvement costs. Furthermore, where CV may have received an expression of interest, then the City may have some obligation to compensate CV accordingly. Council's consideration of each of these situations would be required.

The Department recommends that the Chief Administrative Officer be delegated the authority to approve the final terms to enable the City to delete properties from the CentreVenture Asset Agreement, and to amend the CentreVenture Asset Agreement accordingly.

Part C – Addition of Surplus Properties to the CentreVenture Asset Agreement – Two Expansion Areas

On April 24, 2002, Council approved the expansion of the CV mandated area.

The Planning, Property and Development Department has reviewed the City's property ownerships in the expansion areas. Attachments "B" and "C" (Misc. Plan Nos. 11529/1 and 11528/2) illustrate the easterly and westerly expansion areas and define the City-owned property within each area. In accordance with standard procedure, the Department circulated drawings showing these expansion areas to the various Departments for review and comment. The following is the result of the circulation.

1) Easterly Expansion Area – Misc. Plan No. 11529/1

- The Community Services Department advises that it is concerned as to the retention of:

    i. the lands required along the Red River for the North Winnipeg Parkway system.

    ii. the lands adjacent to the Disraeli Freeway for the Henderson Highway Image Route Enhancement.

    Planning, Property and Development Department commented as follows:

    i. The Department agrees that none of these riverbank lands should be optioned to CV.

    ii. On April 24, 2002, Council approved the expansion of CentreVenture's mandated area. The administration is now charged with the responsibility of bringing all downtown policy and zoning into alignment with the new CentreVenture boundaries as appropriate. As the Downtown Winnipeg Zoning By-law No. 4800/88 requires that any building or structure be approved by the Downtown Design Board (DDB) prior to Building Permits being issued, the Community Services Department's concern with regard to Image Route Enhancement will be addressed by the DDB.

- The Department advises that consideration has been given to retaining part of the Transfer Track right of way that runs along May Street to Higgins Avenue. The City does not have a continuous ownership following the bend in the Red River enabling completion of the parkway in its end location. Consequently, consideration could be given to retaining this section of the Transfer Track to

connect to Higgins Avenue and then to Annabella Street as an interim north south connection.

The riverbank lands east of May Street require significant riverbank stabilization efforts in order to facilitate the development of the North Winnipeg Parkway. The interim route for the North Winnipeg Parkway (until such time as all Point Douglas riverbank lands have been secured in the public's domain) is directly across Point Douglas using Annabella Street. Having regard for the condition of the riverbank at this location, the Department is planning to construct a wide streetscaped sidewalk along May Street as a part of the Waterfront Drive project. May Street at Higgins Avenue is an important vehicular and pedestrian entry onto Waterfront Drive, and will be developed accordingly.

Therefore, the Department is of the opinion that with the exception of those lands required for the creation of Waterfront Drive, all of the residual former Transfer Track Lands can be declared surplus and added to Category "A" of the Asset Agreement.

- The Public Works and Water and Waste Departments are concerned with ensuring that their works are protected in the event of sale of these properties. That is, that any utility plant is protected by an easement agreement and that any land to be conveyed not include land that constitutes existing or perhaps proposed roadways.

2) Westerly Expansion Area – Misc. Plan No. 11528/2

- The Public Works and Water and Waste Departments are concerned with ensuring that their works are protected in the event of sale of these properties. That is, that any utility plant is protected by an easement agreement and that any land to be conveyed not include land that constitutes existing or perhaps proposed roadways.

- The Department advises that the City-owned property at 311 Ross Avenue is not considered to be surplus for the following reasons:

i. this property is utilized for the purposes of storage by both the Civic Accommodations Division and the City Clerks Department.

Significant funds have been recently expended on this property.

ii. this property will be considered (among many alternatives) as a future home for the Department.

- The Department advises that it has an interest in the parking lot and the adjacent vacant property at Ross Avenue and Paulin Street. Currently 113 staff and public park in a reserved stall parking arrangement. The existing parking lot and the proposed expanded parking lot together with operational changes at the Civic Centre Car Park, are considered important to addressing the increased, and increasing, demand in the City Hall area for parking.

  The existing parking lot is presently operating at capacity during daytime and is well patronized by members of the Winnipeg Police Service during evenings and other shifts. The Union representing the Police Service has expressed concern that their members not be displaced from convenient parking near the Public Safety Building.

  The Department is aware that there has been a prior suggestion that at least the vacant portion of the property could be used as a new residential development. The Department believes that this type of project would be favoured by the Province, and, that the Province is not committed to providing parking at this location for the benefit of the Red River College Project.

3) Planning, Property and Development Department Comment

A. In view of the foregoing, the Department recommends that the City-owned properties as shown on Attachment "B" (Misc. Plan No. 11529/1), with the exception of the riverbank properties and those parts of the former Transfer Track lands which are required for future City purposes, be declared as surplus to the City's requirements and that those properties be added to Category "A" of the CentreVenture Asset Agreement and that the Chief Administrative Officer be provided with the appropriate delegation of authorities.

B. The Department advises that the City-owned properties located at 311 Ross Avenue and the developed parking lot portion of the property at the northwest corner of Ross Avenue and Paulin Street cannot be considered surplus to the City's needs at this time. If CentreVenture should receive a bona fide offer on either of these properties, the

implications to the City would have to be re-examined at that time.

Until such time as the matter of the intended development of the vacant property at Ross Avenue and Paulin Street is decided, the Department will not actively pursue the development of this property for surface parking.

In anticipation of future development proposals associated with those properties, the Department will be investigating the feasibility, the costs, and the timeframe associated with moving the existing parking patrons and storage requirements.

The Department recommends that the Chief Administrative Officer be delegated the authority to add this property to Category "A" of the CentreVenture Asset Agreement.

Part D – Addition of Properties to the CentreVenture Asset Agreement – Prior Mandated Area.

The Department has identified the following properties, which can now be declared surplus and added to Category "A" of the Asset Agreement.

1) Parcels Surplus to Waterfront Drive

These properties are currently referenced as Category "D" in the CentreVenture Asset Agreement. The Agreement states:

> "That for any identified Category "D" downtown property which is deemed surplus to capital projects, Executive Policy Committee recommend to Council, if and how the assets shall be made available to CentreVenture in the form of an Option."

Attachment "D" (Misc. Plan No**.** 11262/2) generally illustrates the lands, which will be surplus to the Waterfront Drive right-of-way between Lombard and Galt Avenues.

The Department is in the process of creating a subdivision and road opening plan for the purposes of initiating the road opening and subdivision approval processes. At this time, the precise dimensions of the surplus parcels are not determined.
It is appropriate to now add these surplus parcels to the Asset Agreement.

With regard to the pricing of these lands, the Department recommends that the Purchase Price be established at One ($1.00) Dollar per parcel (in accordance with Clause 3.02 of the Agreement), for the following reasons:

i) On September 5, 2001 Council approved the sale of one parcel of these

surplus lands to facilitate the new office development at 85 Lombard Street. Council, in part, decided to distribute the sale proceeds from this transaction to CV "in keeping with the spirit of the Council approved CentreVenture Asset Agreement". The Department believes that Council's decision established a precedent in dealing with the remaining surplus parcels to Waterfront Drive;

ii) Although the City purchased the Transfer Track property at a total cost of $1,094,500.00, the majority of the surplus parcels are relatively small and are most valuable in the context of facilitating development with the adjacent land owners. In this regard, CV is actively working with these land owners in order to spur development in the short term. CV's goal is not necessarily to achieve the best sale price for these properties, but to facilitate appropriate development that will add to the vitality of the area, while providing immediate contributions to the City's tax base.

2) North of Higgins Avenue, West of Main Street

Attachment "E" illustrates a small residual holding that is not required by the City.

3) 661/663/665 Main Street

Attachment "F" illustrates the property. There is a two (2) storey masonry building which is in very poor condition. The building is listed on the Historical Buildings Inventory. This property had been acquired by tax sale.

4) South of Logan Avenue Between King and Main Streets

Attachment "G" illustrates a small residual holding that is not required by the City.

The Department advises that, in accordance with Clause 3.02 of the Asset Agreement, properties numbered 2, 3, and 4 may be Optioned to CV at a price of $1.00 each.

Part E - Future Properties which May be Acquired By Tax Sale

The Asset Agreement also provides for the optioning to CV of properties acquired by the City through the tax sale process. The Department is not suggesting any variation of the Clauses that pertain to this type of asset.

Report of the Executive Policy Committee dated June 12, 2002

For information purposes, as at the date of the report, the properties that were in the tax sale process in the two expansion areas are the Ready Foods property at 260 Princess Street and the Manitoba Cold Storage properties at 151 Higgins Street.

On June 11, 2002, the Standing Policy Committee on Property and Development concurred in the recommendations contained in the report from the Director of Planning, Property and Development dated May 31, 2002, with the addition of the following to Recommendation No. 2D:

iii. Declare the following properties surplus to the City's needs, namely:

a. Parcels Surplus to Waterfront Drive as outlined on Attachment "D" (Misc. Plan No. 11262/2);
b. North of Higgins Avenue, west of Main Street, as outlined on Attachment "E";
c. 661/663/665 Main Street, as outlined on Attachment "F"
d. South of Logan Avenue between King and Main Streets, as outlined on Attachment "G"

The financial impact statement is outlined on Attachment "A".

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and recommends:

I. That the CentreVenture Asset Agreement dated November 17, 1999, be extended by four (4) years with a termination date of November 16, 2006.

II. That the Chief Administrative Officer be delegated the authority to:

A. Approve the final terms of the proposed "Grant of Access and Release and Indemnity Agreement" and to amend the CentreVenture Asset Agreement accordingly.

B. Approve the final terms relating to the grant of a lease to CentreVenture Development Corporation for development purposes, and to amend the CentreVenture Asset Agreement accordingly.

C. Approve the final terms to enable the City to delete properties from the CentreVenture Asset Agreement, and to amend the CentreVenture Asset Agreement accordingly.

D. i. Declare the City-owned property shown hatched on Attachment "C" (Misc. Plan No. 11528/2) surplus to the City's needs, and, to add this property to Category "A" of the CentreVenture Asset Agreement.

ii. Declare all of the balance of the City-owned properties as shown on Attachment "B" (Misc. Plan No. 11529/1), with the exception of the riverbank properties and those parts of the former Transfer Track lands which are required for future City purposes, as surplus to the City's needs, and, to add those properties to Category "A" of the CentreVenture Asset Agreement.

iii. Declare the following properties surplus to the City's needs, namely:

a. Parcels Surplus to Waterfront Drive as outlined on Attachment "D" (Misc. Plan No. 11262/2);
b. North of Higgins Avenue, west of Main Street, as outlined on Attachment "E";
c. 661/663/665 Main Street, as outlined on Attachment "F"
d. South of Logan Avenue between King and Main Streets, as outlined on Attachment "G"

and to add those properties to Category "A" of the CentreVenture Asset Agreement.

III. That the Purchase Price for the properties:

A. As referenced in recommendation D (i) and D (ii) be $1.00 each;
B. As referenced in Part D of this report be $1.00 each;

all in accord with Clause 3.02 of the CentreVenture Asset Agreement.

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

Attachment "A" referred to in Clause 3 of the Report of the Executive Policy Committee dated June 12, 2002

Financial Impact Statement

Date: May 16, 2002

Project Name:

Proposed Extension and Amendment of the City/CentreVenture Asset Agreement

First Year of Program 2002

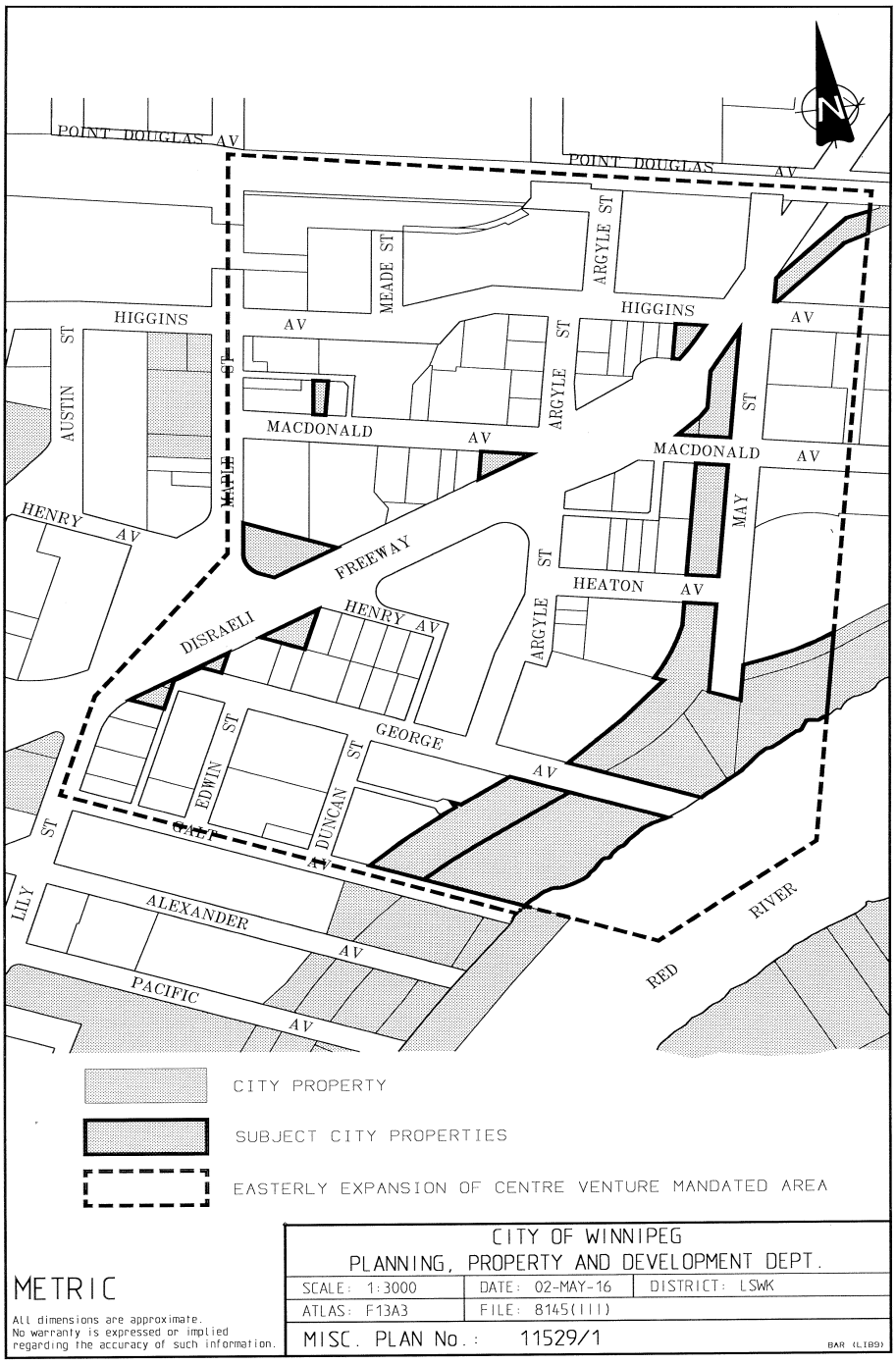
	2002	2003	2004	2005	2006
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

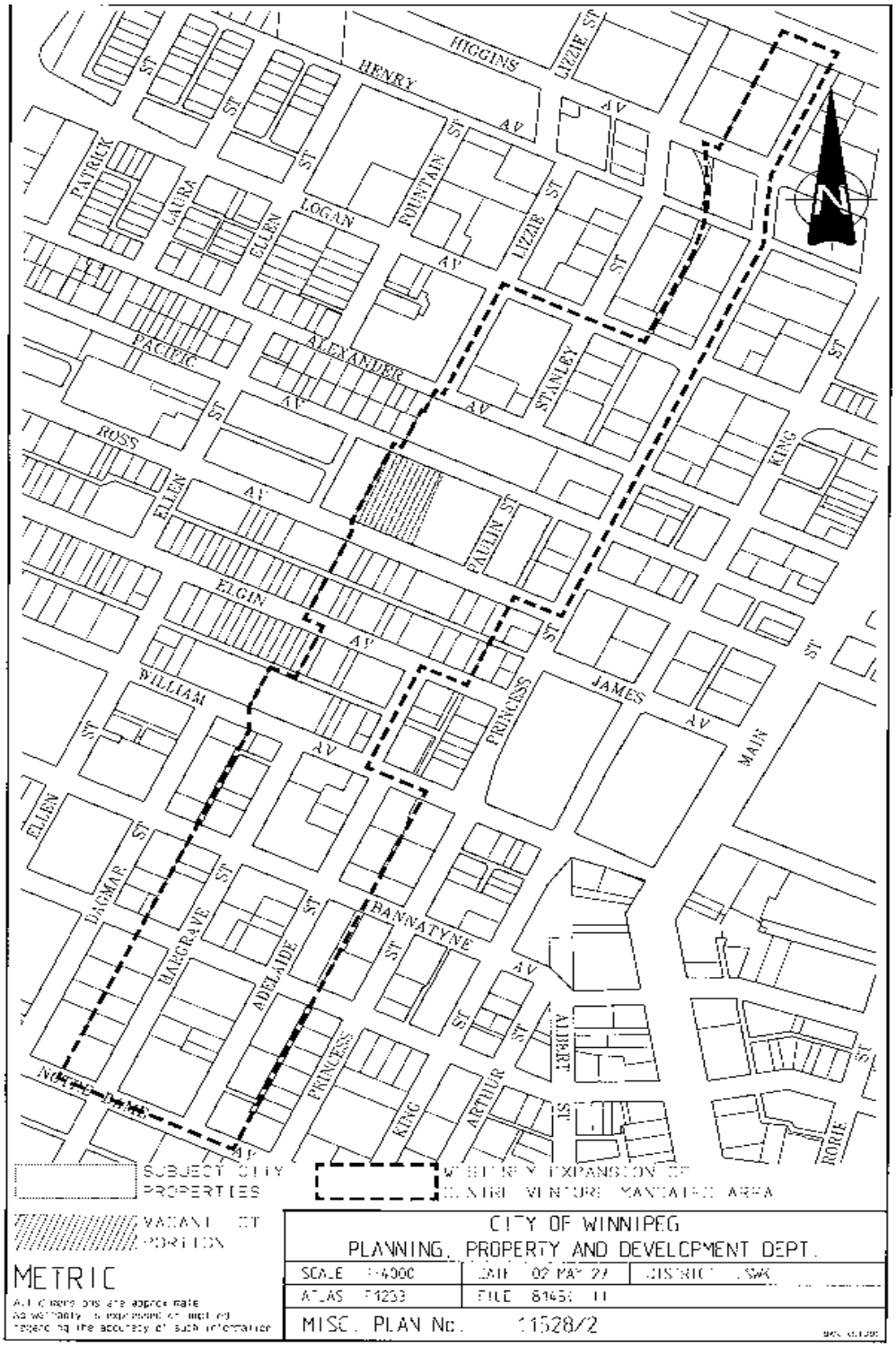
There will be cost implications by virtue of the subsidy to be granted to CentreVenture pursuant to the terms of the CentreVenture Asset Agreement. The quantum of the subsidy is undeterminable at this time as it is unknown what property, if any, will be conveyed to CentreVenture. The subsidy will reduce the net sales proceeds available for transfer to the General Revenue Account at the respective year end.

Gord Courage, Manager
Support Services Division

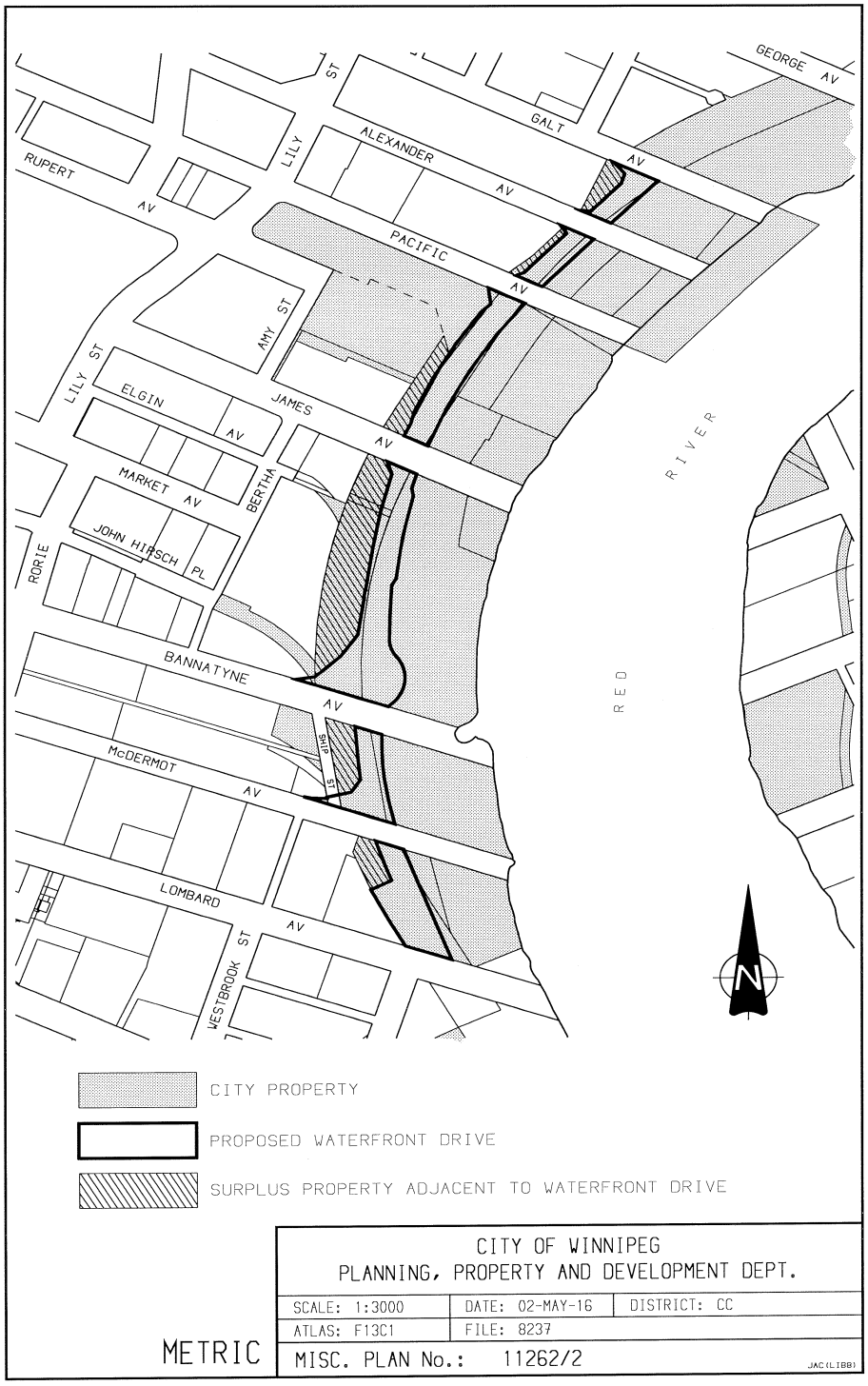
Attachment “B” referred to in Clause 3 of the Report of the Executive Policy Committee dated June 12, 2002



Attachment “C” referred to in Clause 3 of the Report of the Executive Policy Committee dated June 12, 2002



Attachment “D” referred to in Clause 3 of the Report of the Executive Policy Committee dated June 12, 2002



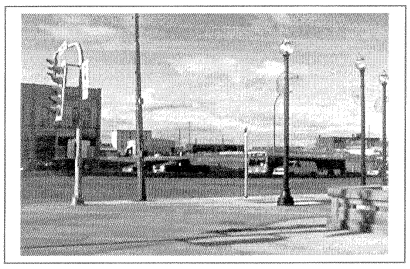
Attachment “E” referred to in Clause 3 of the Report of the Executive Policy Committee dated June 12, 2002

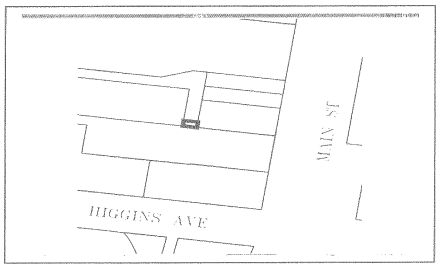
APPENDIX "1"

Planning, Property & Development

city of WINNIPEG

North of Higgins Ave., West of Main St.





Location:	North of Higgins Ave, West of Main St.
Building Size:	vacant land
Site Size and Area:	10 x 20 = 200 sq. ft.
Legal Description:	Public Reserve, Plan 133
Zoning:	BR-1 NRd P/L1 Rc S-4 PL
Certificate of Title:	1786936
Roll Number:	13091964500
Assessment:	$200

NOTE: The above data is considered to be basic approximate information only and is not intended to fully describe the subject property. Any interested party should satisfy themselves as to the suitability of this property for their purposes.

The City provides no representations or warranties.

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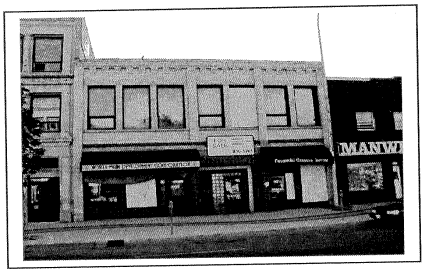
Attachment “F” referred to in Clause 3 of the Report of the Executive Policy Committee dated June 12, 2002

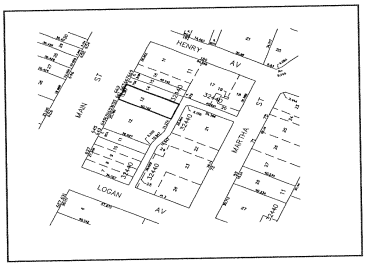
APPENDIX "2"

Planning, Property & Development

City of Winnipeg

661/663/665 MAIN STREET





Location:	East side Main Street between Logan and Henry Avenues 661/663/665 Main Street
Building Description & Size:	2 story brick masonry structure with no basement Plan area: 5,550 sq. ft.
Site Size and Area:	13.267 x 40.142 = 532.564 sq.m. (5,732.47 sq. ft.)
Legal Description:	Lot 13, Plan 32440
Zoning:	BR-1 NRd P/L1 Rc S-4 PL
Certificate of Title:	1468557
Roll Number:	13080961000
Assessment:	$45,500.00
Historical Listing:	On Historical Buildings Inventory

NOTES: The above data is considered to be basic approximate information only and is not intended to fully describe the subject property. Any interested party should satisfy themselves as to the suitability of this property for their purposes.

The City provides no representations or warranties.

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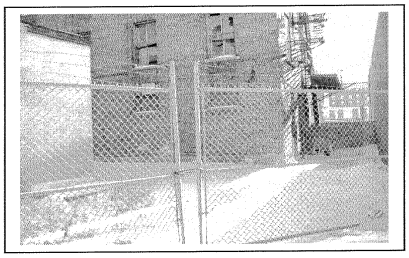
Attachment “G” referred to in Clause 3 of the Report of the Executive Policy Committee dated June 12, 2002

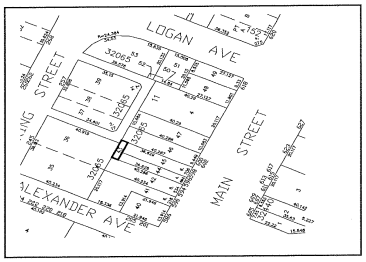
APPENDIX "3"

Planning, Property & Development

city of WINNIPEG

SOUTH OF LOGAN AVENUE BETWEEN KING AND MAIN STREETS





Location:	South of Logan Avenue between King and Main Streets
Site Size and Area:	42.000m²
Legal Description:	SP Lot 43, Plan 32065
Zoning:	BR-5 NRe P/L2 Rc S-3 CH
Certificate of Title:	1387373
Roll Number:	13081392000
Assessment:	Not apportioned
Comments:	There is 1 caveat currently on title.

NOTE: The above data is considered to be basic approximate information only and is not intended to fully describe the subject property. Any interested party should satisfy themselves as to the suitability of this property for their purposes.

The City provides no representations or warranties.

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