**Agenda - Council - October 27, 2004**

**Report - Executive Policy Committee - October 20, 2004**

**Item No. 4 Strategic Economic Development Grant for the Prairie Production Centre - 1350 Pacific Avenue**
**File G-8**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 20, 2004, the Executive Policy Committee concurred in the administrative recommendation, as amended, and submits the following to Council:

1. That subject to the City of Winnipeg receiving 2003 and 2004 property and business tax arrears for the Prairie Production Centre, as well as the Prairie Production Centre remaining on the Assessment Rolls or the City of Winnipeg receiving from the Province of Manitoba a grant equivalent to the municipal portion of the property taxes in respect of the property for the years 2005 to 2014, that Council approve a Strategic Economic Development Grant to the Manitoba Centennial Centre Corporation, in the total estimated amount of $264,000.00.

2. That for greater certainty, the proposed Strategic Economic Development Grant represents the estimated annual municipal portion of property taxes, to be dispensed annually to the Manitoba Centennial Corporation, at an estimated rate of $26,400.00 over a ten year period (2005 through 2014), in support of the continued operation of the Prairie Production Centre located at 1350 Pacific Avenue, as a Film Sound Production Studio.

3. That should the Strategic Economic Development Grant be payable, the recommended grant amount will be included within the 2005 through to the 2014 annual operating budgets of the City of Winnipeg.

4. That the Chief Administrative Officer, or designate, be delegated the authority to approve the final terms and conditions of all agreements necessary to facilitate the Strategic Economic Development Grant.

5. That the City of Winnipeg request the Province of Manitoba to repeal section 5 of *The Centennial Projects Tax Status Act* ("the Act") which provides that the government shall not make any grant in lieu of taxes to a municipality in respect of a centennial project and, in the event that the property at 1350 Pacific Avenue is listed as a centennial project under the Act, to make an on-going annual grant in lieu of municipal property taxes to the City respecting the property.

6. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

**Agenda - Council - October 27, 2004**

**Report - Executive Policy Committee - October 20, 2004**

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 20, 2004, the Executive Policy Committee concurred in the administrative recommendation, as amended, namely:

- Recommendation 1
  Delete the words "a grant in lieu of municipal property taxes" and substitute therefore "from the Province of Manitoba a grant equivalent to the municipal portion of the property taxes in respect of the property for the years 2005 to 2014"

- Add as Recommendation 5
  "That the City of Winnipeg request the Province of Manitoba to repeal section 5 of *The Centennial Projects Tax Status Act* ("the Act") which provides that the government shall not make any grant in lieu of taxes to a municipality in respect of a centennial project and, in the event that the property at 1350 Pacific Avenue is listed as a centennial project under the Act, to make an on-going annual grant in lieu of municipal property taxes to the City respecting the property.

- Renumber the remaining recommendation accordingly.

and submitted the matter to Council.

Pursuant to The Municipal Conflict of Interest Act, His Worship Mayor Katz called Deputy Mayor Pagtakhan to the Chair, and advised that pending an independent legal opinion pertaining to a potential conflict of interest, he would refrain from entering the discussion and voting on the following matter, and left the meeting.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 6, 2004, the Executive Policy Committee laid over consideration of the matter to an October 2004 meeting date.

**Re: PROPOSED STRATEGIC ECONOMIC DEVELOPMENT GRANT FOR THE PRAIRIE PRODUCTION CENTRE- 1350 PACIFIC AVENUE**

**For submission to:** **Executive Policy Committee**

**Original report signed by:** **Director of Planning, Property and Development**

**Report date:** September 17, 2004

**Recommendation(s):**

1. That subject to the City of Winnipeg receiving 2003 and 2004 property and business tax arrears for the PPC, as well as the PPC remaining on the Assessment Rolls or the City of Winnipeg receiving a grant in lieu of municipal property taxes, that Council approve a Strategic Economic Development Grant to the Manitoba Centennial Centre Corporation, in the total estimated amount of $264,000.
2. That for greater certainty, the proposed Strategic Economic Development Grant represents the estimated annual municipal portion of property taxes, to be dispensed annually to the Manitoba Centennial Corporation, at an estimated rate of $26,400 over a ten year period (2005 through 2014), in support of the continued operation of the Prairie Production Centre located at 1350 Pacific Avenue, as a Film Sound Production Studio
3. That should the Strategic Economic Development Grant be payable, the recommended grant amount will be included within the 2005 through to the 2014 annual operating budget of the City of Winnipeg.
4. That the Chief Administrative Officer, or designate, be delegated the authority to approve the final terms and conditions of all agreements necessary to facilitate the Strategic Economic Development Grant.
5. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

## REPORT SUMMARY

**Key Issues:**

- The Province of Manitoba (Province) had requested the endorsement of the City of Winnipeg in order that the Province may acquire the Prairie Production Centre (PPC) and manage it under the legislation that governs the Manitoba Centennial Centre Corporation (MCCC) in order that the PPC be exempt from City Assessment Rolls. This request has been denied on the basis of Council Policy.
- As a related matter, 3755747 Manitoba Limited had requested a grant from the City of Winnipeg in lieu of 2003 and 2004 property and business tax arrears, as a part of the sale of the PPC to the MCCC. This request was also denied on the basis of Council Policy.

- Although the PPC is viewed as a vital element in ensuring the continued growth of the film industry in Manitoba, the PPC has proven to be too expensive to rent for local film production and has been underutilized as a result.
- The Province have agreed to purchase the PPC, absorb outstanding Provincial MIOP and Canada-Manitoba Infrastructure repayable loans previously granted to the current owners, as well as assume the responsibility for a first mortgage on the facility.
- The Government of Canada (Western Diversification) has also agreed to write off their portion of repayable loans to the PPC in order that the Province may purchase the facility and have a better chance at operating the PPC as a self-sustaining financial entity.
- The Administration agree with the Province that the PPC is important for the continued growth of the local film industry and that the facility requires at least short term support in order to become financially self sufficient.
- The Administration therefore recommends that the Strategic Economic Development Grant be provided to the MCCC for a maximum 10 (ten) year period (2005 through 2014), at which time the MCCC should be in a position to either pay the municipal portion of property taxes, or divest the PPC to operate as a for profit facility under private ownership.
- The Administration recommends that the provision of the grant be contingent on the City of Winnipeg receiving the existing 2003 and 2004 business and property tax arrears ($125,814), that the PPC remain assessable, or that the Province of Manitoba provide the City with a grant in lieu of property tax, and that the PPC remain as a film/sound production studio.
- The City has previously awarded two Strategic Economic Development Grants; one to the Northwest Company (estimated at $32,000) for the development of a Giant Tiger food store at 345 Donald Street; and one to the CanWest Global Communications Corporation (estimated at $3.11 million) to support their expansion within downtown Winnipeg.
- The City is entitled to provide the PPC with a one-off, multi-year grant pursuant to Section 218 of the City of Winnipeg Charter, with no by-law required.
- The Province may choose to include the PPC under *The Centennial Projects Tax Status Act* or *The Centennial Centre Corporation Act*, so that the PPC would not be assessable for municipal and school taxes, business taxes, licenses in lieu of business tax, and local improvements, nor would the property be subject to grants in lieu of property taxes. In this instance, the proposed Strategic Economic Development Grant would not be payable.
- Should the Strategic Economic Development Grant be payable, then funds will be included within the 2005 through to the 2014 annual operating budget.

**Implications of the Recommendation(s):**

**General implications:**

☐ **None**

| | |
|---|---|
| | **For the organization overall and/or for other departments** |
| X | **For the community and/or organizations external to the City of Winnipeg** |
| X | **Involves a multi-year contract** |

**Comment(s):**

- The report recommends that Council approve a Strategic Economic Development Grant in a total estimated amount of $264,000, to be dispensed annually at an estimated rate of $26,400 per year.
- The Administration believe that the proposed Grant will be in support of the local film industry and their continued growth within the City of Winnipeg.

**Policy implications:**

| | |
|---|---|
| X | **No** |
| | **Yes** |

**Comment(s):**

-

**Environmental implications:**

| | |
|---|---|
| X | **No** |
| | **Yes** |

**Comment(s):**

-

**Human resources implications:**

| | |
|---|---|
| X | **No** |
| | **Yes** |

**Comment(s):**

-

**Financial implications:**

| | |
|---|---|
| | **Within approved current and/or capital budget** |
| X | **Current and/or capital budget adjustment required** |

**Comment(s):**

- Should the City of Winnipeg not receive 2003 and 2004 property and business tax arrears, or should the PPC ***not*** be assessable by virtue of Legislation, or not be subject to grants in lieu of municipal property taxes, then the proposed Strategic Economic Development Grant would not be payable.

- Should the Strategic Economic Development Grant be payable, then funds will be included within the 2005 through to the 2014 annual operating budget.

**REASON FOR THE REPORT:**

This Report recommends that subject to certain conditions being met, that a Strategic Economic Development Grant be provided to the Manitoba Centennial Corporation.

Council approval is required for the award of a Strategic Economic Development Grant.

**HISTORY:**

On March 27, 1985, Council referred the following motion to the Executive Policy Committee; *"That the Province of Manitoba contribute a grant in lieu of taxes on any project included under The Centennial Projects Tax Status Act."*

On November 13, 1985, Council adopted resolutions stating that offsetting Provincial and Federal grants are required to compensate the City for its tax revenue losses resulting from property tax exemptions. A third resolution stated as follows:

*"That where the City decides, entirely at its own discretion that a particular group is performing some function with some identifiable benefit to the City at large which is worthy of financial assistance, such assistance be provided by way of City grant in an amount which might equate to part or all of the group's property taxes- to be funded entirely by the City's taxpayers".*

In October 2003, PPC representatives met with government officials and identified that, due in part to the insolvency of their anchor tenant; the financial status of the facility was unsustainable without further government support.

By letter dated June 16, 2004, to the Acting Mayor of the City of Winnipeg (attached), the Provincial Minister of Culture Heritage and Tourism requested the support of the City so that the Province may acquire the PPC facility and manage it under the legislation that governs the Manitoba Centennial Centre Corporation (MCCC).

By letter dated May 20, 2004, to the Chief Administrative Officer of the City of Winnipeg (attached), the President of 3755747 Manitoba Limited As General Partner for Prairie Production Centre requested, as a part of the sale transaction of the PPC to the MCCC, that the City forego unpaid 2003 and 2004 property and business taxes.

By letter dated August 6, 2004, to the Manager of Economic Development (attached), the President of 3755747 Manitoba Limited confirmed that, "the Limited Partners have concluded arrangements with the Province of Manitoba to have the Manitoba Centennial Corporation assume ownership of the PPC on September 30, 2004". The President reiterated his request to the City of Winnipeg to consider a request for a grant in lieu of 2003 and 2004 property and business tax arrears at the September 2004 Council meeting

By Letter dated September 17, 2004 the Chief Administrative Officer advised the President of 3755747 Manitoba Limited that their request that the City forego unpaid 2003 and 2004 property and business taxes be denied on the basis of Council policy.

By Letter, the City of Winnipeg advised the Provincial Minister of Culture Heritage and Tourism that their request for the support of the City so that the Province may acquire the PPC facility and

manage it under the legislation that governs the Manitoba Centennial Centre Corporation (MCCC) has been denied on the basis of Council policy.

**DISCUSSION:**

**Background:**
Manitoba's film and television industry has grown steadily from $50 million in production revenues in 2001 to $100 million in 2004. New tax credits introduced by the Province may allow the industry to further expand. Despite Manitoba's success, the film industry remains extremely competitive both in Canada and Internationally.

Established in 1999, the PPC was viewed as an important element to the Province's growing film industry in that it is the only soundstage designed and built specifically for filmmaking. The PPC is owned by 3755747 Manitoba Limited (co-owned on an equal basis by Shelter Canadian Properties Limited and Crocus Investment Fund), and is the General Partner of the Limited Partnership. The Limited Partnership Agreement provides that the General Partner has unlimited liability for the debts and obligations of the Limited Partnership.

The PPC is located at 1350 Pacific Avenue and according to submitted Financial Statements (un-audited as at June 30, 2003), the PPC assets (including cash, land, buildings, appliances and furnishings) were valued at $4,382,542.

The first phase of the construction of the facility featured a $2.5 million, 15,000 sq. ft., 35 foot high clear span studio space and an additional 3750 sq. ft. of furnished office and production space. The clear span space and the 'dead quiet' acoustics within the space are the unique and the key requirements for this facility. Unfortunately, the facility was constructed to substandard specifications as the ventilation system made the walls creak, the loading door opened directly onto the soundstage, and an absence of any production amenities made the facility unacceptable for current state of the art filmmaking.

Regina-based Mind's Eye Productions and its Winnipeg based partners, Buffalo Gal Pictures, leased the PPC in 2002 to shoot the film version of Gabrielle Roy's novel, *Children of my Heart*. Mind's Eye Productions had a five-year contract with the PPC renting the facility for $50,000 a month for five months of the year. The Mind's Eye Productions commitment provided enough revenue assurance to allow the owners to contemplate expanding and improving the facility.

In November 2002, a $1.8 million expansion of the facility was announced which would bring the facility to 40,000 square feet while also upgrading the technical aspects of the studio to make the facility more user friendly. Other new facility components added at this time were a carpentry shop, a wardrobe room, a make-up studio, and a large commissary for crews.

To date, the PPC has received $807,000 in Province of Manitoba loans under its Manitoba Industrial Opportunities Program (MIOP), as well as approximately $900,000 in repayable loans under the Canada-Manitoba Infrastructure Program.

**Current Status:**

PPC is in serious financial difficulty due in part to the 2003 insolvency of its anchor tenant, Mind's Eye Productions. Although the film industry believes the PPC is an important asset within the Province's supporting infrastructure, the facility is viewed as too expensive to rent and is infrequently used.

The main implications regarding a possible shut down of the facility are that both Manitoba Film and Sound and the Manitoba Motion Picture Industry Association (MMPIA) claim that this type of facility is entirely needed. While not the main reason producers choose Winnipeg, a sound stage is a critical factor of the industry requirements. Having the PPC collapse would be a negative signal to the industry. Both the CEO / Film Commissioner of Manitoba Film and Sound and the Executive Director of the MMPIA have provided letters (attached) that support the need for the PPC as a necessary component for continued and sustained future growth of the film industry in Manitoba.

Essentially the PPC is a "big box" in an industrial neighbourhood within Winnipeg. While the Film Industry has been an outstanding success for the Province, the direct benefit to the City of Winnipeg beyond the property and business tax revenues from permanent film based business is somewhat limited to the prestige associated with bringing major Productions and stars to the City.

The Council approved Homegrown Economic Development Strategy (HEDS) recommends that Winnipeg should focus economic development efforts and supports to investments that demonstrate the following qualities:

- Local ownership to foster economic spin-off purchasing in the Winnipeg economy and to increase the likelihood that business assets remain in the area.
- Creating a growing job base of quality (skilled) jobs in relation to the resources consumed (amount of land needed, degree of public subsidy, or amount of public support services required).
- Diversifying the economy through the proliferation of many smaller businesses rather than a handful of larger ones, thereby enhancing the stability of Winnipeg's business climate and encouraging innovation.
- Products and services which directly benefit the local population or add wealth to area consumers by reducing or avoiding costs resulting from the diseconomies of the existing economic environment.
- Supporting strategic clusters and high industry interdependence in Winnipeg to increase the economic multiplier effects of local purchasing and procurement activities.
- Generating net tax benefits to the community in relation to the resources or public subsidies used.

- Attracting capital and funds from outside of the area by encouraging export industries which have a higher economic multiplier effect on the local economy while holding promise for future growth in world markets.

The Administration agrees with the Province and the local film industry in that the PPC does support the achievement of many of these qualities. However, while it is true that "success breeds success" and exposure to Hollywood producers and stars helps to build capacity amongst the local film industry, and while Winnipeg gains a reputation as a preferred venue for films and productions, most of the revenue attributable from film production flows to other levels of government.

**Proposed Purchase of the PPC by the Manitoba Centennial Corporation**

On August 6, 2004, the President of the PPC accepted the purchase proposal from the Province. Details of the sale are as follows:

| | |
|---|---|
| 1. Closing Date: | September 30, 2004 |
| 2. Additional MIOP Loan Advance: | $75,000 |
| 3. MIOP Loan Guarantees: | All MIOP loan guarantees will be released on closing |
| 4. First Mortgage Assumption: | Manitoba Centennial Corporation will assume existing first mortgage loan from Assiniboine Credit Union. (Approximately $1.735 M in June 2003) |
| 5. Purchase Price: | $1.00 |

The Province has advised the owners of the PPC that they will be responsible for the existing Trade Payables including outstanding property and business taxes. The waiving of the outstanding property and business taxes by the City of Winnipeg is not a condition of the sale.

**The Centennial Projects Tax Status Act**

The Provincial Minister of Culture Heritage and Tourism had requested the support of the City so that the Province may acquire the PPC facility and manage it under the legislation that governs the Manitoba Centennial Centre Corporation (MCCC). The City of Winnipeg has advised the Province that their request has been denied on the basis of Council policy.

It is however important to note the rationale for the Provincial request. The request was made so that the MCCC could attempt to operate the facility on a break-even basis. As a part of the purchase of the PPC, the Province will be providing an additional MIOP Loan advance, releasing existing MIOP Loan guarantees, while the MCCC will assume the first Mortgage Loan from the Assiniboine Credit Union. The MCCC believes that they could operate the PPC more effectively as they would not have to incur the cost of paying off all of the debt and outstanding government loans, as well as property taxes (should the City agree to include the PPC under the legislation that governs the Manitoba Centennial Centre Corporation). The MCCC also believes that they will be able to encourage additional rentals of the PPC, as they would not have to charge as much for the rental of the facility as the current onerous administrative charges that are levied on

the user. Furthermore, the MCCC and Manitoba Film and Sound would bring operating and marketing expertise to help to support the PPC in its on-going efforts to become profitable.

Technically, there is no legal requirement for the City to approve the inclusion of the PPC in *The Centennial Projects Tax Status Act* or *The Centennial Centre Corporation Act*. If the Province chooses to include the PPC in one or either of those statutes, it can do so despite objections on the part of the City. If the PPC were defined as a "centennial project" in The Centennial Projects Tax Status Act, it would not be assessable for municipal and school taxes, business taxes, licenses in lieu of business tax and local improvements. If the PPC were defined as a "centennial centre" in The Centennial Centre Corporation Act, it would not be taxable for municipal and school taxes, business taxes, licenses in lieu of business tax and local improvements. In both instances, the PPC would not be subject to grants in lieu of property taxes.

The details of the actual ownership and operational structure of the PPC will have a bearing on its ultimate assessment and tax treatment. For instance, if the Province acquired the PPC, but did not define it as a "centennial project" or a "centennial centre" and permitted it to be occupied and operated by a third party, the property could become taxable. It is important to get confirmation from the Assessment Department as to the assessment treatment of the property once the actual details of the ownership and operational structure of the PPC are known.

**Outstanding Property and Business Taxes**

The Owners of the PPC currently owe the City of Winnipeg approximately $126,000 in property taxes and local improvement levies as follows.

Property Taxes (Roll # 13060463300):
The current market value assessment on the building is $1,369,000

| | |
|---|---|
| Total 2003 taxes and penalties outstanding = | $ 35,179.05 |
| Total 2004 taxes and penalties outstanding = | $ 70,448.86 |
| | $106,067.65[1] |

Business Taxes (Roll # 31942):

| | |
|---|---|
| 2003 taxes and penalties outstanding = | $ 19,746.11 |
| 2004 taxes and penalties outstanding= | $ 0.00[2] |

Total Outstanding Property and Business taxes= $125,813.76

[1] Approximately $ 82,000 of this amount represents outstanding Provincial Education Support Levy and School Division taxes for 2003 & 2004 that under Legislation, have already been remitted by the City to the Province.

[2] There was no business assessment on this facility for 2004; therefore, there were no accompanying business taxes.

The City has already addressed the issue of business taxes for 2004 and beyond. The Property Assessment Department's current practice is to assign an Annual Rental Value and then process a business assessment and tax. Without the guaranteed rental as provided for under their anchor tenant's contract (Mind's Eye Productions), and due to the nature of the infrequent use of the PPC, it has proven impractical to determine an Annual Rental Value for this property in 2004. The Property Assessment Department therefore removed the PPC from the Business Assessment Roll and business taxes were not charged to the facility in 2004.

The City's License Services Branch within the Community Services Department has determined that the City will issue an annual License in lieu of business taxes as provided for under the License in Lieu of Business Tax By-law No. 122/2003. The License is $135.00 and may be levied on a going-forward basis to the MCCC (unless the PPC is determined to not be assessable for municipal and school taxes, business taxes, licenses in lieu of business tax and local improvements). However, this does not address the matter of the existing business tax arrears owing from 2003 when the PPC still had the anchor tenant.

**Summary:**

The Administration is in agreement with the points raised by the Province including:

- The substantial financial cost and risk the Province will absorb when they purchase and operate the PPC.
- The Federal Government support of the PPC by writing off of their portion of the Canada- Manitoba Infrastructure Program loans
- The importance of the PPC to the existing Film Industry.
- The continued growth of the film industry both in Winnipeg and Manitoba as a whole is essential as it provides tangible benefits to all three levels of Government.

As the Province's goal is to eliminate ongoing operating expenses such as municipal property taxes so that the PPC may be run on a break-even basis going-forward, as this facility is performing some function with some identifiable benefit to the City at large which is worthy of financial assistance, and as the need for the facility fits with the City's HEDS Policy, the Administration recommends that a Strategic Economic Development Grant, representing the estimated annual municipal portion of property taxes be provided to the MCCC for a period of ten (10) years, in order for the new facility owners to build clientele, create a more profitable business model, pay down the current debt, and become financially self sufficient. The Administration further recommends that the provision of the grant be contingent on the PPC remaining as a film/sound production studio. The City is entitled to provide the PPC with a one-off, multi-year grant pursuant to section 218 of The City of Winnipeg charter, with no by-law required.

**Financial Impact:**

The City of Winnipeg is currently owed approximately $125,800 in outstanding property and business taxes including approximately $81,700 in Provincial Education Support and School Division taxes that have been remitted, by legislation, to the Province of Manitoba.

The Administration has confirmed that as a part of the purchase of the PPC, the Province will not consider reimbursing the City for the Provincial Education Support and School Division taxes, as they will be absorbing outstanding loans and infrastructure contributions, as well as assuming an existing first mortgage loan from the Assiniboine Credit Union that is in excess of $1 million.

The Administration therefore recommends that the City seek reimbursement of the outstanding taxes from the current owners of the PPC.

The proposed annual grant to the MCCC has been estimated on the basis of the 2004 Municipal Portion of Property Taxes ($26,416.09). There is an additional Water, Sewer, and Street Renewal frontage levy of $872.61 for this property for which the Administration is recommending that a grant not be provided. The City has rarely provided a grant for local improvements or for frontage levies. This is primarily due to the fact that the local improvement and frontage levy charges are for services to the property, regardless of its taxable status. This requirement for property owners to pay for local improvements is actually entrenched in the current legislation. The Municipal Assessment Act (MAA) states that for most properties fully exempt from taxation (school & municipal), they do not have this exemption applied to local improvements. More specifically, Section 22(1) of the MAA states that:

*" ... real property is exempt from taxation levied by a municipality,* ***other than for local improvements****, where the real property ...."*

While 'technically', these frontage levies are not 'local improvements' (as they are defined as separate and distinct within the Charter), the Administration recommends that the City of Winnipeg grant to the MCCC be restricted to the municipal portion of property taxes only, since other organizations that are fully exempt (i.e. legions and churches for example), may also request a grant for their frontage levies.

The City has previously awarded two Strategic Economic Development Grants; one to the Northwest Company (estimated at $32,000) towards the development of a Giant Tiger Store at 345 Donald Street; and one to the CanWest Global Communications Corporation (estimated at $3.11 million) to support their expansion within downtown Winnipeg.

There are two unknown's that may impact on the recommendations as contained within this Report. The Province may choose to include the PPC under *The Centennial Projects Tax Status Act* or *The Centennial Centre Corporation Act*, so that the PPC would not be assessable for municipal and school taxes, business taxes, licenses in lieu of business tax and local improvements, nor would the property be subject to grants in lieu of property taxes. Alternatively, the details of actual ownership and operational structure of the PPC will have a bearing on its ultimate assessment and tax treatment. For instance, if the Province acquired the PPC, but did not define it as a "centennial project" or a "centennial centre" and permitted it to be occupied and operated by a third party, the property could become taxable. It will be important to get confirmation from the Assessment Department as to the assessment treatment of the property once the actual details of the ownership and operational structure of the PPC are known.

Should for any reason the City of Winnipeg not receive the 2003 and 2004 property and business tax arrears of $125,814, or should the PPC not be assessable nor be subject to grants in lieu of municipal property taxes, then the recommended Strategic Economic Development Grant will

not be payable. If the grant is payable, then funds will be included in the 2005 through to 2014 annual operating budget.

## Financial Impact Statement

**Date:**

**Project Name:**

**First Year of Program** 0

| | 0 | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| External | - | - | - | - | - |
| Grants (Identify) | - | - | - | - | - |
| Reserves, Equity, Surplus, Other | - | - | - | - | - |
| 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:**

"Original signed by"
Mike McGinn, CA
Manager of Finance

**IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY: LEGAL SERVICES DIVISION AND THE CORPORATE FINANCE DEPARTMENT**

**THIS REPORT SUBMITTED BY:**

Planning, Property and Development Department
Division: Office of the Director
Prepared by: Jim Paterson, Manager of Economic Development (6633)

Document name: O:\Reports Directive\Office of the Director\Downtown Manager\Prairie Production Centre-1350 Pacific Avenue.version 2.doc