ADMINISTRATIVE REPORT

Title: Contribution towards repairs to the areaways and streetscaping for the Wehwehneh Bahgahkinahgohn development located at 450 Portage Avenue (The former Hudson's Bay Building)

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Dryburgh	M. Dryburgh	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

In April 2022, the Southern Chiefs' Organization Reconciliation Foundation Inc. (SCO) requested financial support from the City of Winnipeg for the Wehwehneh Bahgahkinahgohn development. SCO's request includes a contribution to repair the areaways (vacant spaces that extend outward from the building basement underneath the public sidewalks) as well as a contribution to streetscaping. SCO has a preliminary estimate of $7.6 million to undertake repairs to the areaways that are required to keep these spaces useable as part of the re-developed building.

SCO also has a preliminary estimate of $1.5 million for streetscaping improvements adjacent to this building. This includes installation of light fixtures and other landscaping on the public sidewalks adjacent to this building. The streetscaping on the west side of the building along Memorial Boulevard may also include the closure of one lane of vehicle traffic, which could allow for new trees to be planted there.

The Public Service believes that closure of the northbound curb lane on Memorial Boulevard can be accommodated from a traffic perspective. However, further review of the road, land drainage and transit infrastructure considerations are needed to confirm feasibility.

It is recommended that Council approve a grant of up to $1.5 million for the streetscaping improvements, funded from the 2027 Regional Street Renewal Program. Work is planned to start in May 2026 and, therefore, a first call on the 2027 Capital Budget may be required in 2026. It is also recommended that Council refer a grant of up to $1.9 million for the areaways to the 2026 Multi-Year Budget Update. This amount reflects a one-quarter share of the estimated cost to repair the areaways.

If these recommendations are approved, it will increase the City's total contribution to this development to $23.7 million. This includes previously approved amounts from a Tax Increment Financing Grant (estimated at $9.7 million), $10 million from the Housing Accelerator Fund, and approximately $600,000 to reimburse SCO for various City fees and charges.

RECOMMENDATIONS

1. That a grant of up to $1.5 million to the Southern Chiefs' Organization Reconciliation Foundation Inc. or its legal designate be approved to provide for streetscaping improvements adjacent to the Wehwehneh Bahgahkinahgohn development, and that a new capital project be created within the 2027 Regional Street Renewal Program for this purpose funded by a budget transfer of $1.5 million from the 2027 Unallocated Frontage Levy.

2. That the City enter into, execute and deliver an agreement with the Southern Chiefs' Organization Reconciliation Foundation Inc. or its legal designate in order to implement Recommendation 1 above 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"), and that authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the grant agreement 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.

3. That a grant of up to $1.9 million to support repairs to the areaways associated with the Wehwehneh Bahgahkinahgohn development be referred to the 2026 Multi-Year Budget Update.

4. 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

In June 2022, Council directed the Public Service to report back within two years on the sidewalk and streetscaping improvements and condition of the areaways associated with 450 Portage Avenue. Council subsequently approved two extensions to this timeline.

Council approval is required to provide a grant to SCO.

IMPLICATIONS OF THE RECOMMENDATIONS

Council approval of the grant to SCO for Wehwehneh Bahgahkinahgohn will help SCO to continue moving forward with this development.

HISTORY / DISCUSSION

In 2022, the Southern Chiefs Organization Reconciliation Foundation Inc. (SCO) acquired the building located at 450 Portage Avenue form the Hudson's Bay company and announced a transformative re-development called "Wehwehneh Bahgahkinahgohn" meaning "it is visible" in Anishinaabemowin.

Work is now well underway on this development. It will involve an investment of over $300 million to construct approximately 373 housing units, a childcare centre, commercial and office space and other amenities.

The federal and provincial governments have pledged approximately $131 million in loans and grants to support this development.

In 2022, Council approved a municipal Tax Increment Financing grant over 25 years to support this development, estimated at $9.7 million. Council also approved a reimbursement of approximately $600,000.00 for various City fees and charges and a $10 million grant from the Housing Accelerator Fund. Council also directed the Public Service to return with information on the condition of the areaways as well as sidewalk and streetscaping improvements surrounding this building.

The areaways are vacant spaces that extend outward from the basement and are located underneath the public sidewalks on the west, east and north side of this building. SCO needs to retain the functional use of these areaways to support waste management services, ingress/egress and other requirements that are related to the planned commercial and residential uses of this building.

SCO has received a preliminary estimate of $7.6 million to undertake the necessary repairs to reconstruct the areaways which include:

- Shoring and lateral bracing of the existing foundation;
- Demolition and disposal of existing areaways suspended slab;
- Installation of new suspended areaway slab along Memorial Blvd, Portage Avenue and Vaugh Street; and
- Installation of drainage weeping tile on three sides of the building.

SCO will continue to refine the scope of work and cost for the areaways.

It is important to note that the areaways around this building are encroachments into the street right-of-way. They are the responsibility of the building owner to maintain. However, given the significance of this development to the downtown and the City as a whole, a City contribution to the areaways is recommended.

It is recommended that Council refer a grant of up to $1.9 million for the areaways to the 2026 Multi-Year Budget Update. This amount reflects a one-quarter share of the estimated cost to repair the areaways. A contribution of this magnitude is the same in percentage terms to the twenty-five percent contribution that Council approved for the skywalks, lighting and security features related to the Portage Place re-development that is being undertaken by True North.

SCO has also requested City support for streetscaping improvements to the public sidewalks adjacent to the Wehwehneh Bahgahkinahgohn development. They have received a preliminary estimate of $1.5 million for this work, which includes installation of new lighting and other landscaping.

Due to the areaways being underneath the public sidewalks, there are limited improvements that can be made to the sidewalks adjacent to this building. However, SCO and City staff have explored the possibility of removing the curb lane on Memorial Boulevard from vehicular traffic along the building. The Public Service believes this is feasible from a traffic perspective.

Further review is required related to road grading and drainage modifications related to the loss of the curb lane and the resulting extended Memorial Boulevard. If approved, the extended boulevard would allow for the planting of trees and other amenities. However, Transit anticipates the need for a stop here so streetscaping will have to accommodate this. The Public Service is open to the potential closure of this lane to traffic and will continue to work with SCO on this possibility, recognizing that any lane closure would require approval of the Standing Committee on Public Works.

It is recommended that a grant of up to $1.5 million, funded from the Regional Street Renewal Program, be provided to SCO to undertake streetscaping improvements adjacent to this building. It is understood that, while SCO would undertake this work, they would be working closely with City staff within Public Works to ensure that all of the work complies with City Standards.

If this contribution of $3.4 million for the areaways and streetscaping is approved, it will result in a total City contribution towards this development of $23.7 million. This total contribution also includes a previously approved Tax Increment Financing Grant estimated at $9.7 million, $10 million from the Housing Accelerator Fund and approximately $600,000 to reimburse SCO for various City fees and charges.

SCO expects to complete the repairs to the areaways and streetscaping work over approximately 1.5 years, starting May 2026. To facilitate access to the funds for streetscaping prior to the adoption of the 2027 Capital Budget, a first call may be required as part of the adoption of the 2026 Capital Budget.

FINANCIAL IMPACT

Financial Impact Statement **Date:** June 23, 2025

Project Name: **First Year of Program** **2027**

Contribution towards repairs to the areaways and streetscaping for the Wehwehneh Bahgahkinahgohn development located at 450 Portage Avenue (The former Hudson's Bay Building)

	2027	2028	2029	2030	2031
Capital					
Capital Expenditures Required	$ 3,510,500	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	1,500,000	-	-	-	-
Additional Capital Budget Required	$ 2,010,500	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	2,010,500	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - 2027 Regional Street Renewal Program	1,500,000	-	-	-	-
Total Funding	$ 3,510,500	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 2,010,500				
Total Additional Debt Required	$ 2,010,500				
Current Expenditures/Revenues					
Direct Costs	$ 60,263	$ 120,525	$ 120,525	$ 120,525	$ 120,525
Less: Incremental Revenue/Recovery	47,500	95,000	95,000	95,000	95,000
Net Cost/(Benefit)	$ 12,763	$ 25,525	$ 25,525	$ 25,525	$ 25,525
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ 12,763	$ 25,525	$ 25,525	$ 25,525	$ 25,525

Additional Comments:
Capital expenditures represents the grant of $1.5 million for the streetscaping improvements, funded from the 2027 Regional Street Program as well as $1.9 million for the areaways. External debt includes $1.9 million for areaways, 3.25% administrative fees, and debt financing costs. This request is pending adoption of the 2027 Capital Budget and to be referred to the 2026 Multi-Year Budget Update.

Randy Bernard

Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services
- Public Works

OURWINNIPEG POLICY ALIGNMENT

Economic Prosperity - 3.6 Downtown Economic Investment. Prioritize the Downtown by leveraging private and public investments, including housing entrepreneurship, arts entertainment and tourism that advances its status as an economic driver.

City Building - 6.16 to 6.19 – Downtown Economic Investment – Support Development that reflects the Downtown's designation as a Transformative Area and preeminent complete community. Facilitate the intensification of Downtown residential development that supports the diversity of housing needs, and builds on the character of existing Downtown districts and destinations.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

4.1 – Increase strategic infill development that provides access to and capitalizes on existing and planned corridors with frequent transit service.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Affordable Housing Life Pole and Goal 2: The City actively plans for and partners in affordable housing.

SUBMITTED BY

Department: Office of the Chief Administrative Officer
Prepared by: Matt Dryburgh, Interim Deputy Chief Administrative Officer
Date: June 12, 2025