

OUTPOURING  
PROCESS ORGANIZATION  
KNOWLEDGE  
CLOSELY  
LEAD  
CLUSTER  
DEVELOPMENT  
GLOBALIZED  
INSTITUTIONS  
PROGRAM  
DEMOCRACY  
THEORETICAL  
STATES  
ECONOMIC  
RESEARCH SECTOR  
CAPITAI  
MAJOR

# ECONOMIC DEVELOPMENT

INDICATORS  
EMERGED  
KEY  
INTERVENTION  
REDUCTIONISM  
COMMUNITY  
GOVERNMENT  
INFRASTRUCTURE  
GOVERNMENTS  
NATION  
ECONOMIST  
ENVI  
INFRASTRUCTURE  
MEASUREMENT  
ENCOMPASS  
NATIONS  
OUTCOMES  
MITIGATED  
GROWTH  
SOCIAL  
INDICATORS  
LOCAL  
POVERTY  
SURVIVAL  
FEDERALISM  
PERIOD  
INDUSTRIALIZED  
SOCIOLOGICAL  
DEVELOPER  
HEALTHCARE  
EXPANSION  
AREA  
ORIGINATED  
EVOLUTION  
POLICY  
PRACTITIONERS  
COMMERCE  
RATE  
EDUCATION  
RIGHTS  
MODERNIZATION  
BENEFITING  
MACRO  
HEALTH  
POLICYMAKERS  
REGIONAL  
HUMAN  
TAX  
RETENTION  
CAPITAL  
EXISTING  
NEOCLASSICAL  
INITIATIVE  
TRADE  
INCOME  
MORBIDITY

# AGENDA

- Review Victoria's Sustainable Economic Development Priorities – focus on impact
- Land Transaction
  - Overview of real estate
    - Current City owned portfolio
    - Proposed portfolio
  - Financial comparison
  - Proposed transaction
    - Process
- Summary



# Economic Development

# Short term



# Medium term





# Longer term



# Additional projects

- Relationship building / brand ambassador for the city
  - E.g community associations, interest groups, First Nations, local and regional municipal collaboration, provincial relationships etc
  - Investor Tours
  - This is Vic
- Research – programs for entrepreneurs, Victoria's gaming industry economic impact etc
- David Foster Pathway
- Belleville
- Retail strategy
- Asset management / strategy – provincial dialogue



**Impact.**





# LAND TRANSACTION

March 2014

# Successful Transactions – core attributes

- **Opportunity**

- Find an opportunity and maximize the value

- **Risk Reward**

- Balance risk and reward in choices & negotiations

- **Synergy**

- Always works towards a win/win (as cliché as it might sound) where the whole is truly greater than the sum of the parts

# Review of transaction process

## Phase 1

- Province announces divestiture of assets
- November 2013 - Province announces it is dissolving PCC
- City sends confidential expression of interest to the Province to discuss possible land exchange, which includes the Harbour Rd properties amongst other, Province accepts letter and enters into confidential discussions/negotiations with the City

# Review of transaction process

## Phase 2

- Province reaches out to Ralmax and enters into a confidentially agreement to engage in discussions
- Province and Ralmax engage in discussions/negotiations during January
- Province informs City of intent to divest lands, city enters discussions with Ralmax to confirm intent
- Ralmax sends Province confidential expression of interest and Province accepts letter
- City council vote in camera to support transaction
- Announcement in a joint press conference

# Review of transaction process

## Phase 3

- Public notification issued from the City
- Finalization of agreements and contracts between all three parties
- Province pass legislation allowing divestiture of parks from PCC
- Prepare & execution transition plans
- Deal close and adjustments
- Titles transfer – March 28th

# Relevant City Owned Lands





# Relevant PCC Owned Lands



# Financial Comparison

	Current Portfolio	Proposed New Portfolio	
	Current Scenario	Worse Case	Best Case
<b>Ongoing annual revenues and costs</b>			
<b>Revenues</b>			
Lease revenue			
203, 211 and 335 Harbour Road	322,000	(322,000)	(322,000)
713 Douglas St (excluding Crystal Garden)*	-	193,000	210,000
814 Wharf St	-	120,000	170,000
Property taxes/PILT **			
203, 211 and 335 Harbour Road	181,000	260,000	940,000
713 Douglas St (excluding Crystal Garden which is exempt)	42,000	42,000	47,000
814 Wharf St	-	-	-
<b>Total Revenues</b>	<b>545,000</b>	<b>293,000</b>	<b>1,045,000</b>
<b>Expenses</b>			
203, 211 and 335 Harbour Road approx operating costs	40,000		
713 Douglas			
Rent and operating costs payable to PCC	385,000	(385,000)	(385,000)
Operating costs for all spaces	-	426,000	426,000
814 Wharf St (Ship's Point)			
Programming / Operations	-	15,000	5,000
Maintenance costs	-	25,000	10,000
1300 Wharf St (Reeson Park), 407 Belleville St (Quadra Park)			
Maintenance costs	-	10,000	5,000
250 Belleville St			
Maintenance costs	-	5,000	5,000
407 Belleville St (Quadra Park)			
Maintenance costs	-	15,000	5,000
<b>Total Expenses</b>	<b>425,000</b>	<b>111,000</b>	<b>71,000</b>
<b>Net</b>	<b>120,000</b>	<b>182,000</b>	<b>974,000</b>

\* Numbers from PCC income statements for 2013 – Appendix 6

\*\* Currently, PCC is exempt from property taxes and PILTs. PCC properties leased to taxable entities are fully taxable.

Transfer of other PCC properties to the Province would trigger PILTs; however, parks and historic sites may still be exempt so not accounted for

\*\* In best case scenario increase in property taxes primarily due to potential Ralmax investment in improvements in Harbour Rd. properties

# Financial Comparison

	Current Scenario	Worse Case	Best Case
<b><u>One-time costs</u></b>			
Moving RCMP from Harbour Road	100%	Shared	Shared
Deal costs	-	50,000	20,000
	<b>High</b>	<b>Medium</b>	<b>Low</b>
<b><u>Liabilities</u></b>			
	<b>High Risk</b>	<b>Medium Risk</b>	<b>Low Risk</b>
Documented contamination on Harbour Rd. properties Relationship issues with tenant on Harbour rd - conflicting role of regulator and property owner 814 Wharf St assumed to be roughly similar shape to City's lot in same area - assessment on City lands available Risk of unknow components with proposed new portfolio			
<b><u>Asset Value (BCA 2013)</u></b>			
Currently owned by City			
203 Harbour Rd	6,045,000		
211 Harbour Rd	1,747,000		
335 Harbour Rd	11,715,000		
Currently owned by PCC			
713 Douglas St		16,654,000	16,654,000
814 Wharf St		1,645,000	1,645,000
1300 Wharf St (Reeson Park)		1,009,000	1,009,000
407 Belleville St (Quadra Park)		2,339,000	2,339,000
250 Belleville St		336,000	336,000
	<b>19,507,000</b>	<b>21,983,000</b>	<b>21,983,000</b>

# Financial Comparison

## Summary

Current Scenario

High risk low  
return

Worse Case

Medium risk  
medium return

Best Case

Low risk high  
return

# Impact

- Investment in infrastructure
- Increased revenue
- New family sustaining jobs
- Collaboration in evolution of working harbour
- Collaborative partnerships with leading employers in the region
- Effective control over assets in right hands

# Summary

This is a very successful transaction for Victoria

- Opportunity
  - Successful negotiations
  - Opportunities maximized and risks minimized
  - Opportunity to build new partnerships with the Province and Marine Industry
- Risk / Reward Balanced
  - New portfolio of properties offers the City an increase in asset value, decreased liabilities and larger potential upside for the community as a whole
- Synergy
  - Proposed transaction is a win/win/win scenario





# City of Victoria

Economic Development

March 2014

