

## OPTIONS TO RESOLVE WINSPEAR PARKADE REVENUE SHARING AGREEMENT

### Recommendation

That the December 8, 2025, Financial and Corporate Services report FCS03047, be received for information.

<b>Requested Action</b>	Information only
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	<b>Urban Places</b>
<b>City Plan Values</b>	BELONG. LIVE. THRIVE. ACCESS. PRESERVE. CREATE.
<b>Corporate Business Plan</b>	Managing the corporation
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• Bylaw 17717 To amend Bylaw 17256, to authorize the City of Edmonton to finance the Francis Winspear Centre for Music Construction Project</li> <li>• Bylaw 17718 To amend Bylaw 17257, to authorize the City of Edmonton to lend money to a non-profit organization, Francis Winspear Centre for Music</li> <li>• Bylaw 21158 To amend Bylaw 16521, Capital City Downtown Community Revitalization Levy Bylaw, Amendment No. 2</li> </ul>
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>• November 26, 2014, Financial Services and Utilities report CR_1735, Capital Profile Winspear Facility Expansion Project 15-21-3300</li> <li>• April 20, 2015, Community Services report CR_2004, Francis Winspear Centre for Music Staged Funding Agreement</li> <li>• April 20, 2015, Financial Services and Utilities report CR_2351, Parking Solution Component of the Francis Winspear Centre for Music Completion Project</li> <li>• June 20, 2016, Financial and Corporate Services report CR_3596, Parking Solution Component of the Francis Winspear Centre for Music Completion Project - Revised</li> <li>• August 31, 2020, Integrated Infrastructure Services report CR_8346, Downtown District Energy Initiative - Status Report</li> <li>• August 31, 2020, Integrated Infrastructure Services report CR_8368, Downtown District Energy Initiative Winspear Agreement</li> <li>• June 29, 2022, Integrated Infrastructure Services report IIS01164,</li> </ul>

## OPTIONS TO RESOLVE WINSPEAR PARKADE REVENUE SHARING AGREEMENT

- Downtown District Energy Initiative - Development Update
- June 23, 2023, Integrated Infrastructure Services report IIS01386, Downtown District Energy Initiative - Project Update
- March 5, 2025, Financial and Corporate Services report FCS02920, Winspear Expansion Project - Interim Financing Requirements
- March 5, 2025, Integrated Infrastructure Services report IIS02821, Downtown Workspace Optimization
- March 18, 2025, Urban Planning and Economy report UPE02445, Capital City Downtown Revitalization Levy End Date Extension
- June 26, 2025, Urban Planning and Economy report UPE03001, Bylaw 21158 To amend Bylaw 16521, Capital City Downtown Community Revitalization Levy Bylaw, Amendment No. 2

### Previous Council/Committee Action

At the April 8, 2025, City Council meeting, the following motion was passed:

That Administration provide a report on the options for resolving the parkade revenue sharing agreement with Winspear and that the public offering of Century Place be held in abeyance until this report returns to Executive Committee.

### Executive Summary

- Between 2014 and 2016, City Council approved \$13 million in grant funding for the initial design and construction funding of the Francis Winspear Centre for Music (FWCM) Completion Project and a \$12.9 million loan to FWCM for the construction of a parking structure as part of its planned Completion Project.
- FWCM has constructed approximately half of the parking stalls it had identified in its business case to support the original loan request.
- FWCM is seeking parking revenue from the City of Edmonton Century Place parkade to supplement the revenue it expects to receive from operating its own underground parkade.
- The City has no legal obligation to provide any revenue from the Century Place Parkade to FWCM.
- Administration has created three options for moving forward with FWCM.

## REPORT

The Francis Winspear Centre for Music (FWCM) has a 50 year lease on City owned land that allowed it to construct the original facility that officially opened to the public in 1997. The lease also includes provisions for four 10 year renewal options. Prior to its recent expansion and along with the land on which the original FWCM sits, FWCM operated a 97 stall surface parking lot on the east side of the facility, which generated a net annual cash flow of approximately \$575,000. FWCM leased this land from the City for this specific purpose, but only for a defined period of time (originally a five year term). The funds generated from the surface parking lot were an essential component of balancing the overall funding needs of FWCM, and any future parking solution FWCM planned to develop would need to maintain this net cash flow moving forward.

## **OPTIONS TO RESOLVE WINSPEAR PARKADE REVENUE SHARING AGREEMENT**

The City of Edmonton has been a supporter of the Completion Project since 2014. The Completion Project consists of:

- a new 550 seat acoustic hall theatre, six multipurpose rooms and commercial space, and,
- an underground parking structure.

FWCM hosts programming events throughout the year, including weekdays, weekends and evenings. On average, FWCM hosts weekday events 50 times per year during the day, 120 times per year in the evening and 100 times per year on weekends. The Completion Project is expected to increase the total number of programmed events.

### **Completion Project Funding Overview**

- The initial City support was a \$3.75 million grant to assist with the development of the Completion Project designs. In April 2015, City Council approved an increase in grant funding of \$9.25 million, bringing the total City funding to \$13 million.
- This grant funding was subject to match funding being raised by FWCM from other orders of government.
- The provincial government approved \$26.5 million through various programs: \$25.8 million in provincial infrastructure grants and \$700,000 through the Community Facility Enhancement Program (roof).
- The federal government also approved \$26.4 million through various program streams: \$19 million through the Investing in Infrastructure Canada Program, \$7.3 million through the Canada Cultural Spaces Fund and \$100,000 through the Enabling Accessibility Fund.
- Fundraising for the project is \$9.1 million.
- In July 2016, Council approved Bylaw 17718 To amend Bylaw 17257, to authorize the City of Edmonton to lend money to a non-profit organization, Francis Winspear Centre for Music to loan FWCM \$12.9 million over a 20 year amortization period, with the last payment due in June 2041, for the construction of a parking structure to support the second component of the Completion Project.

The business case presented by FWCM to support the loan approval for Bylaw 17718 included:

- parking for 142 vehicles, including underground, surface and above grade parking,
- anticipated joint use of the existing ramp and entrance to the Century Place parkade, and
- an overall capital cost of \$12.9 million.

The business case identified an annual net cash flow that would yield the \$575,000 previously provided by the surface parking lot for its programming and operations budget, plus additional revenue to meet the loan's payment terms. The final constructed parking structure does not align with the original business case and includes parking for 67 vehicles (57 underground and 10 surface parking stalls), which is less than half of what was identified in the business case used to support the loan request. The reduced number of parking stalls puts pressure on FWCM to fund its programming and operations, as well as meet the City loan's obligations.

### **Shared Parking Management Discussions**

Prior to FWCM starting construction on the Completion Project in 2020, FWCM initiated discussions with the City of Edmonton about the potential opportunity to increase parking

## OPTIONS TO RESOLVE WINSPEAR PARKADE REVENUE SHARING AGREEMENT

revenue from the City owned Century Place parkade, specifically for publicly accessible evening and weekend parking for guests or patrons of the FWCM. This initial discussion centred on the idea that a majority of FWCM events were scheduled for evenings and weekends when the business functions and operations of Century Place had no demand for parking use. If the Century Place parkade were made available to the public after regular business hours, additional revenue could be generated during FWCM events, and this revenue could be reinvested back into FWCM.

In 2020, the City commissioned and paid for a consultant team to complete a study on the impact of the City and FWCM sharing the Century Place parkade operations. The final report identified the costs associated with converting the Century Place parkade into a public parkade. The consultant concluded that a project to upgrade security and building access, along with Traffic Impact Assessment upgrades, would cost approximately \$1.1 million (capital). Administration would need to obtain an updated estimate to account for inflation and cost escalation since 2020.

In June 2021, the City and FWCM entered into the District Energy Building Agreement, with the primary purpose being that FWCM would undertake the design and construction of a shell building to house an energy centre for the Downtown District Energy System, in exchange for capital funding contribution for the incremental construction costs. The City funding for this work totalled \$8.2 million. Additionally, the parties agreed it was their intention to try and negotiate in good faith the terms of an access easement agreement that would allow access to the FWCM underground parkade (the "Access Easement Agreement") and a potential operations agreement that could see FWCM receive after hours public use net revenue from the Century Place parkade. This operations agreement would require the City and FWCM to review and consider all capital and revenue offsetting operating costs (i.e. extended hours of operation and additional security). Discussions on operating models and the terms of the potential operations agreement have continued, but no agreement has been reached to date.

In May 2024, Administration shared a market rate Access Easement Agreement with FWCM, to permit permanent vehicular access for FWCM patrons to its below grade parkade through the Century Place parkade entrance off of 102A Avenue. The proposed \$66,000 annual fee for the Access Easement Agreement is based on increased operating costs associated with the use by FWCM patrons travelling through the Century Place parkade.

FWCM has yet to sign the Access Easement Agreement, and although its parkade is not yet open to the public, ideally the Access Easement Agreement would be in place before the Completion Project is finished to allow FWCM and the public to access the FWCM underground parkade via the Century Place underground parkade. The Access Easement Agreement does not currently form a part of any of the three options presented in this report, and Administration's current intention is to negotiate and enter into the Access Easement Agreement separately from any of the three options.

Administration and FWCM held several meetings related to parkade revenue sharing, including a review of options developed by FWCM. However, with no identified funding sources to make the space usable for FWCM operations, Administration and FWCM have not been able to settle on a revenue sharing solution.

## **OPTIONS TO RESOLVE WINSPEAR PARKADE REVENUE SHARING AGREEMENT**

Subsequently, Administration brought forward a plan to dispose of Century Place and Chancery Hall, and a discussion with Council centred around the market challenges of divesting these assets if permanent restrictions or encumbrances were attached, such as granting access to the Century Place parkade to the FWCM.

To address the motion, discussions with FWCM have led to the identification of three options:

### **Option 1 - Parking Funding Agreement**

- The City and FWCM would enter into a Parking Funding Agreement. Through this option, the owner of Century Place would provide FWCM with the net income from the Century Place parkade during evening hours (5 p.m. and later) and weekend parking. The owner of Century Place would retain all the revenues from the Century Place parkade that accrue during the day.
- The Parking Funding Agreement would run until June 2041, aligning with the retirement of the \$12.9 million FWCM parkade funding loan approved as part of Bylaw 17718.
- The preliminary estimate for additional annual parking income that could be generated from evening and weekend parking in the Century Place parkade under this option is between \$50,000 and \$100,000. This income would not be guaranteed.
- The owner of Century Place would maintain control of parking management for the Century Place Parkade and provide FWCM with the revenue generated from after hours events. FWCM would be able to engage with its own preferred vendors for its parkade, and not be required to use the same payment system as the owner of Century Place.
- The City would need to implement the security upgrades recommended in the consultant's report. An unfunded capital profile of at least \$1.1 million would need to be approved by City Council. These costs should be paid by FWCM, as the security improvements would only be required to facilitate after hours parking for FWCM event attendees.
- This option could impact the revenue generated from the City-owned and managed Stanley A. Milner Library Parkade. Under this option, patrons attending events at FWCM that were previously parked in the Stanley A. Milner Library Parkade could relocate to the Century Place Parkade. The City could see a corresponding drop in revenue from the Stanley A. Milner Library Parkade thereby negatively impacting City revenues.
- With the previous approval of the disposition for Century Place and Chancery Hall, this option has the potential to reduce the market interest in Century Place, due to the loss of full control of the Century Place parkade revenue.
- This option is the least desirable to FWCM as it has the potential to provide the least amount of additional parking income, while still requiring FWCM to reimburse the City for the security upgrades to allow for after hours use of the parkade.

### **Option 2 - Parkade License and Management Agreement**

- The City and FWCM would enter into a parkade license and management agreement, under which FWCM would be granted a license for the Century Place parkade and would assume

## OPTIONS TO RESOLVE WINSPEAR PARKADE REVENUE SHARING AGREEMENT

responsibility for its management and operation. The City would charge FWCM an annual market rate license and management fee estimated to be approximately \$300,000 per year.

- FWCM would be responsible for all operating and management costs of the Century Place parkade estimated at \$180,000 per year, plus a reasonable contribution for a capital reserve. FWCM would collect all revenue and be responsible for all expenses.
- In 2024, the City collected \$433,000 in parking revenue from City employee parking fees. In 2025, Administration has projected \$551,000, and in 2026, expects the projected revenue to be \$829,000. The primary driver of the projected revenue increase is the additional utilization by City employees resulting from the introduction of new programs and agreements. If this option were selected, there would be a shift in City staff parking to the Stanley A. Milner Library Parkade to mitigate any impact on the operating budget.
- The City would need to implement the security upgrades recommended in the consultant's report. An unfunded capital profile of at least \$1.1 million would need to be approved by Council. These costs would be charged back to FWCM, in addition to the license fee, as the security improvements are being implemented to directly benefit FWCM.
- The parkade license and management agreement would run until June 2041, aligning with the retirement of the \$12.9 million FWCM parkade funding loan approved as part of Bylaw 17718.
- With the previous approval of the disposition for Century Place and Chancery Hall, this option has the potential to reduce market interest in Century Place.
- This option is the second most desirable from FWCM's perspective. It provides funding to FWCM for the duration of the loan obligation, but does not provide any ongoing funding beyond 2041. There is also a risk that the revenue from the Century Place parkade may not meet expectations, given the fixed costs of the agreement.

### Option 3 - One Time Payment to FWCM Based on Projected Net Revenue of a 20 Year Lease

- The City commissioned an external appraiser to review potential parking operation models and determine the projected net revenue to FWCM if the City were to grant FWCM a 20 year lease. The appraiser modelled three different occupancy scenarios (Conservative, Common, and Optimistic) and determined an appropriate net present value payout based on these scenarios. The three scenarios yielded three different payment recommendations, with the most likely being a recommended payout of \$5 million.
- With this option, there is no reduction or loss of parking revenue to the City for the Century Place parkade or financial impact to a potential new owner post disposition.
- With the previous approval of the disposition for Century Place and Chancery Hall, this option is expected to have no impact on market interest, as control and parking revenue will be retained by the owner of Century Place.
- There would be no requirement to complete the identified security upgrades needed to make the parkade private.
- A funding source would need to be identified to support the required level of funding.

## OPTIONS TO RESOLVE WINSPEAR PARKADE REVENUE SHARING AGREEMENT

- Of the three proposed options, FWCM prefers this option the most, but requests a grant payout of \$7.5 million to meet its loan obligations. Administration maintains that the work done by its consultant supports a grant of \$5 million.
- Administration does not support any of the options presented. However, this option would have the least impact on the disposition of Century Place and the City's operating budget. If Council wishes to pursue this option, consideration could also be given to a corresponding amount of parkade loan forgiveness, rather than a grant (i.e. \$5 million parkade loan forgiveness versus a \$5 million grant).

### Budget/Financial Implications

#### Francis Winspear Centre for Music Interim Financing Request

Since the Completion Project was approved in 2019 the economic environment of the COVID-19 pandemic not only raised the costs of construction, but also impacted the business case for commercial space in the building, prompting a redesign and allowing for increased community programming. Following the COVID-19 pandemic, the total cost of all Completion Project components including capital renewals that intersected with the Completion Project timelines are estimated at \$119.8 million. FWCM has secured \$86.4 million of funding, leaving a gap of \$33.4 million<sup>1</sup>.

Administration presented options to provide interim financing for FWCM to complete construction until final funding can be secured in the March 5, 2025, Financial and Corporate Services FCS02920, Winspear Expansion Project - Interim Financing Requirements. The options included interim financing, long-term financing or a one-time grant. Council received the report for information on March 18, 2025, and did not direct any further action at that time; however, Council did direct Administration to include the project and its funding in the Downtown CRL extension that was approved by Council and the provincial government in the summer of 2025. Administration plans to bring the CRL funding option to Council in 2026.

Bylaw 21158 To amend Bylaw 16521, Capital City Downtown Community Revitalization Levy Bylaw, Amendment No. 2, approved on June 26, 2025, amended the Capital City Downtown Community Revitalization (CRL) Plan to add additional projects, including the Completion Project, and extend the expiry by 10 years to 2044. This could help address FWCM's previously identified funding gap. The timing for releasing funds from the CRL is still being finalized between the City and FWCM.

The financial impact of the three options is as follows:

#### Option 1

- The impact on the operating budget must be fully understood if this option is selected.
- A capital budget adjustment would need to be approved to fund the security upgrades identified in the Shared Parking Study.

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<sup>1</sup> March 5, 2025, Financial and Corporate Services report FCS02920, Winspear Expansion Project - Interim Financing Requirements, with figures updated by FWCM (November 26, 2025)

## **OPTIONS TO RESOLVE WINSPEAR PARKADE REVENUE SHARING AGREEMENT**

- A funding source for this adjustment would also need to be identified.
- This option could have an impact on the final sales price of Century Place and the associated proceeds to offset costs of moving City staff into other City-owned and leased properties.

### **Option 2**

- The impact on the operating budget must be fully understood if this option is selected.
- A capital budget adjustment would need to be approved to fund the security upgrades identified in the Shared Parking Study.
- A funding source for this adjustment would also need to be identified.
- This option could have an impact on the final sales price of Century Place and the associated proceeds to offset costs of moving City staff into other City-owned and leased properties.

### **Option 3**

- There is no current funding source identified for a payment to FWCM if this option is selected for further discussions.

## **Legal Implications**

The legal implications of the three options are as follows:

### **Option 1**

- Under the City Administration Bylaw 16620, agreements over \$1,000,000 and have a term greater than 10 years must be approved by the appropriate Committee of Council. If Council proceeds with this option, Administration will need to bring back the Parking Funding Agreement to the appropriate Committee of Council for approval.

### **Option 2**

- Under the City Administration Bylaw 16620, agreements over \$1,000,000 that do not arise from a competitive procurement process must be approved by the appropriate Committee of Council. If Council proceeds with this option, Administration will need to bring back the Parkade License and Operating Agreement to the appropriate Committee of Council for approval.
- The City is subject to trade agreements that require an open competitive process for procurements of this value, unless a trade agreement exemption applies. For this procurement, there is an exemption in each applicable trade agreement. The exemption is for procurements from a philanthropic institution.

### **Option 3**

- Under the City Administration Bylaw 16620, grant funding agreements that have a term of 10 years or greater and have an amount payable that exceeds \$1,000,000 must be approved by the appropriate Committee of Council. If Council decides to proceed with this option,

## **OPTIONS TO RESOLVE WINSPEAR PARKADE REVENUE SHARING AGREEMENT**

Administration will need to bring back the agreement to the appropriate Committee of Council for approval.

### **Community Insight**

Public engagement was not conducted for the parking revenue sharing agreement discussion with the FWCM, which is based on a significantly higher demand for parking than its current facility provides. The primary insights from the current engagement with the FWCM are focused on the need for more parking and for revenue to meet the payment terms of its parkade loan.

### **GBA+**

Revenues shared from the parkade support the Completion Project. This expansion will enable the FWCM to be more accessible to the public on a daily basis, not just during scheduled events, and will serve as a major new cultural landmark for Edmonton. The Completion Project aims to foster community, musical education, and economic growth for downtown Edmonton.

### **Environment and Climate Review**

This report was reviewed for environment and climate risks. Based on the review completed, no significant interactions with the City's environmental and climate goals were identified within the scope of this report.