# REPORT OF THE STANDING POLICY COMMITTEE

# ON PROPERTY AND DEVELOPMENT

# DATED AUGUST 29, 2000

On motion of Councillor De Smedt, the Report of the Standing Policy Committee on Property and Development, dated August 29, 2000, was considered.

**Proposed Sale of City Property - Portion of Transfer Tracks to facilitate development at 85 Lombard Avenue - City Centre Community**

**File FI-2.4(32) (Vol. 9)**

**827 -** 1. The Standing Policy Committee on Property and Development has been advised that on August 24, 2000, the Developer of 85 Lombard Avenue (M.P.N. Holdings Ltd.) submitted a request to purchase approximately 215 square feet of City-owned property in order to maximize the development potential of their property. Approval is required to declare property as surplus to the City's requirements, for the lease or sale of City-owned lands, as well as for the distribution of the net sale proceeds to CentreVenture Development Corporation.

In March 1999, the City completed the purchase of the former Transfer Tracks property between Lombard Avenue and Gomez Street at a total cost of $1,125,460.00.

On June 7, 2000, the Executive Policy Committee approved the formation of an Exchange District East Steering Committee and $75,000.00 in funding to guide the planning process for the Economic Development Analysis, a District Management Plan, and the key features and character for the Waterfront Drive.

On June 27, 2000, the Standing Policy Committee on Property and Development, in its capacity as the Downtown Design Board, approved in principle the design for the proposed office building at 85 Lombard Avenue, subject to stated criteria, and subject to the final design detail and requisite wind impact being submitted to the Historic Winnipeg Advisory Committee, and to the Director of Planning, Property and Development for approval prior to the issuance of any building permit. The Planning, Property and Development Department, on July 31, 2000, advised the Building's Architect of the criteria that the project would need to satisfy to achieve Historic Winnipeg Advisory Committee approval.

On July 19, 2000, Council approved the Exchange District Waterfront Drive as a "Unique" Capital Project for the City of Winnipeg as well as funding in the amount of $120,000.00 to undertake preliminary design and geotechnical engineering for the project.

The proposed four-storey office building to be located at 85 Lombard Avenue is a project of tremendous importance to the Exchange District and the future Waterfront Drive. It must be both sympathetic to the National Historic Site while also serving as a prominent entry to the proposed Exchange District East Waterfront Drive.

The Developer has submitted preliminary plans to the Planning, Property and Development Department in order to proceed with construction of the office building, and have suggested that in order to meet the occupancy needs of their lead tenant, that they require a building permit to proceed with foundation piling on or before September 5, 2000. By virtue of the building's location and some of the Developer's requests to the City, the design review and approval process is quite complex. Much of the process is currently on-going and dynamic. Some of the issues with regard to this application can be summarized as follows:

1. Design Review Process - The building requires Historic Winnipeg Advisory Committee input, Downtown Design Board approval, and a Waterways Permit.

2. Purchase of City-owned land - The Developer wishes to purchase City-owned property (Transfer Tracks property) which is not currently deemed as surplus to City's requirements.

3. Impact on Waterfront Drive Design - The Developer requires both temporary and permanent approaches in order to access their building parkade. These approaches will impact on the design of the proposed Waterfront Drive and associated streetscape. The City must also be cognizant of possible riverbank loading that could cause additional stabilization costs for the Waterfront Drive.

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The Design Review Process

The building architect is currently proceeding through the Downtown Design Review process. Both the Historic Winnipeg Advisory Committee and the Planning, Property and Development Department administrator for Downtown Design Review feel that the application is very close to complying with all major design issues. This process remains dynamic due to the request by the Developer to purchase and construct on City-owned lands (Transfer Tracks property).

Since the property is within the mandated area for the CentreVenture Development Corporation, and because the building impacts so immediately on the future Waterfront Drive, CentreVenture has been kept apprised of the design review process and has asked for input on many of the more significant issues.

Purchase of City-owned land

The Developer has requested the purchase of sufficient City-owned lands (Transfer Tracks) to allow for: the straightening out of the curvature in the east property line, the construction of a parkade ramp to access the mezzanine level of parking in the office building, as well as sufficient property to allow for both temporary and permanent private approaches to access interior main floor and mezzanine parking. Final design details of the building cannot be resolved until the City agrees to sell the property.

Furthermore, the final details with regard to the private approach alignment and the amount of property required, as well as the terms/conditions and lease and sale price for the property will not be determined until Council has approved the design of the Waterfront Drive and associated streetscape. The Waterfront Drive design will need to be considered and approved by Council before November 2000, to ensure that necessary riverbank stabilization measures can be completed in January/February 2001 in advance of roadway construction during the summer of 2001.

The landscape architectural and engineering consultants currently working on the Waterfront Drive have been involved in the design review process for 85 Lombard Avenue and will have input as to the final design. Since the Transfer Tracks property is approximately 30 metres wide, and the physical requirements for the roadway and associated pedestrian streetscape would likely be less than 20 metres in width, the consultants (CentreVenture Development Corporation) and the Administration are confident that these requests may be accommodated and the property may be sold.

Council Policy requires that City-owned lands be declared as surplus to the City's requirements prior to sale. Approval is also required for the sale or lease of City-owned lands. The Transfer Tracks are identified within Category "D" of the CentreVenture Asset Agreement: City-owned Properties that may be declared surplus following the implementation of Capital Programs. On November 17, 1999, in approving the CentreVenture Asset Agreement, Council directed that for any identified Category "D" downtown property which is deemed surplus to capital projects, Executive Policy Committee makes its recommendation to Council if and how the asset shall be made available to CentreVenture in the form of an option.

The Planning, Property and Development Department recommends that Council:

A) Declare the subject lands as surplus to City's requirements;
B) Authorize the Chief Administrative Officer to determine and approve the final amount, details, the Spatial Separation Agreement, and terms/conditions of the lease and the sale of the City owned land to the Developer; and,
C) Approve the distribution of the proceeds from the short-term lease payable to the Planning, Property and Development Department while the net proceeds from all sale of City-owned property be directed to CentreVenture Development Corporation in keeping with the spirit of the CentreVenture Asset Agreement.

Proposed Terms and Conditions for Lease and Sale of City-owned lands

The proposed terms and conditions for the lease and sale of City-owned land adjacent to 85 Lombard Avenue have been prepared by the Administration, however as at August 24, 2000, had not been reviewed by the Developer. The Real Estate Division of the Planning, Property and Development Department appraised the Transfer Track lands and the Developer has been apprised of the more important aspects of the documents including the proposed lease and sale prices of the land.

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In addition to the lease and sale costs of the land, the Planning, Property and Development Department have advised the Developer of additional costs to be borne by the project regarding streetscaping of the private approach and landscaping along the Waterfront Drive façade.

The streetscaping requirement has been introduced for this development as the private approach accessing the main floor and mezzanine parkade levels will affect the pedestrian environment along the Waterfront Drive. Although the final design and detailing of the Waterfront Drive has yet to be determined and approved by Council, it is anticipated that the private approach would be very low use (approximately 28 parking stalls) and that it could be developed in a manner to complement the streetscape (i.e. rolled curbs, and Exchange District style paving stone). The project consultants, Historic Winnipeg Advisory Committee, CentreVenture Development Corporation, and the Administration believe that an appropriate design solution will be possible to accommodate the proposed development.

The landscaping requirement was introduced as a condition of Historic Winnipeg Advisory Committee approval of the project. On July 25, 2000, the Historic Winnipeg Advisory Committee recommended that the City, CentreVenture, and the Developer of the project work together to jointly implement significant landscaping within the first 30 feet adjacent the parkade portion of the east building edge to create a park context for this building, and further that a financial contribution should be made by the Developer, since it is the unacceptable use (structured parking) and character that requires the landscape screening and the Developer cannot provide this landscaping on the private lands.

Assumptions / Cost Estimates

The following particulars have been provided in order to facilitate Council's understanding of the proposed project.

Assumptions:

1. Lease of the property automatically subjects the property to realty taxes.
2. A small amount of property will be sold to the Developer upon Council approval.
3. The remaining property would be sold to the Developer once the private approach can be developed.
4. Lease proceeds are allocated to the Planning, Property and Development Department.
5. Net sale proceeds are to be distributed to the CentreVenture Development Corporation.
6. Additional streetscaping and landscaping requirements are at the Developer’s cost.

Cost Estimates: (as determined by preliminary drawings and provided for order of magnitude purposes only)

1. Lease - 3,400 square feet at $2.50 per square foot = $8,500.00 per annum plus realty taxes.
2. Sale - 3,850 square feet at $25.00 per square foot = $96,250.00 and GST plus realty taxes.
3. Streetscaping - Guesstimate between $16,900.00 and GST ($50.00 per square metre) and $25,350.00 and GST (at $75.00 per square metre) not including lighting or other services.
4. Landscaping - As necessary to fulfill the intent of the Historic Winnipeg Advisory Committee and future approval for the permanent approach.

Although the Developer has expressed some preliminary agreement with regard to the lease and sale prices of the property, it is the experience of the Real Estate Division that the final terms and conditions of the proposed lease, sale, and streetscaping and landscaping requirements will need to be negotiated with the Developer. The Planning, Property and Development Department therefore recommended that the authority to approve the final terms and conditions of sale be delegated to the Chief Administrator Officer.

Other considerations

The proposed building is constructed directly adjacent (zero lot line) to the City-owned Transfer Tracks. The spatial separation requirements of Section 3.2 (subsection 3.2.3) of the Manitoba Building Code (1998) does not allow for a building to be constructed with windows and doors opening onto the adjacent property without some assurance that the owner of the adjacent property will waive the spatial separation requirements. The City and the Developer are therefore required to enter into a Spatial Separation Agreement prior to the issuance of a building permit. The Planning, Property and Development Department recommended that the terms and conditions of the Agreement be subject to the approval of the Chief Administrator Officer.

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Financial Impact

The administrative recommendations do not require the expenditure of any City funds. Should the administrative recommendations be approved as presented, the proceeds from the proposed short-term lease would flow to the Planning, Property and Development Department, while the proceeds from the proposed sale would flow to CentreVenture Development Corporation.

The Standing Policy Committee on Property and Development recommends:

I. That the portion of the City-owned Transfer Tracks property necessary to facilitate the development of the proposed four-storey office building at 85 Lombard Avenue as outlined, be declared surplus to the City's requirements.

II. That the sale of the property necessary to allow the straightening of the east property line, as well the land necessary to accommodate the mezzanine parkade ramp to the proposed office building, be approved.

III. That the short-term lease and future sale of City-owned lands to facilitate the development of the proposed office building be approved in principle, subject to final determination of the building details, grades, and relationship to the proposed Waterfront Drive.

IV. That the proposed terms and conditions of lease and sale to the Developer as outlined be approved in principle.

V. That the Chief Administrative Officer be authorized to determine the amount of land to be declared surplus, and to approve the final terms and conditions of the short-term lease, the property sale, and of the Spatial Separation Agreement as outlined.

VI. That the distribution of the future proceeds from the sale of the subject properties to CentreVenture Development Corporation be approved, in keeping with the spirit of the Council approved CentreVenture Asset Agreement.

VII. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing, including the execution of any documents related thereto.

Moved by Councillor De Smedt,
Adoption of the clause.

Carried.