Agenda - Council - September 27, 2006

Report - Standing Policy Committee on Property and Development - September 21, 2006

Item No. 1 Acquisition of 50.4 Acres - CPR Marconi Rail Right-of-Way - Nairn to Glenway Avenues
File FI-2(33)

STANDING COMMITTEE RECOMMENDATION:

On September 21, 2006, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submits the following to Council:

1. That the acquisition of the subject C.P.R. Property, shown on Misc. Plan No. 12013, be approved at a price of $1,500,000.00 as outlined in the report from the Director of Planning, Property and Development dated September 15, 2006, and upon such terms and conditions as may be acceptable to the City Solicitor/Manager of Legal Services and the Director of Planning, Property and Development.

2. That the sources of funding identified in the report from the Director of Planning, Property and Development dated September 15, 2006, be approved for the acquisition of the subject property.

3. That an expenditure of $1.2 million, prior to adoption of the 2007 Capital Budget, be approved as a first charge against the 2007 Tax Supported Capital Budget in order to ensure that adequate funds will be available for the property acquisition described in Recommendation 1.

4. That the City commit to contribute funding of up to fifty (50%) percent of the cost of a pathway in partnership with other organizations, beginning no later than Spring of 2008, and that this matter be referred to the 2007 Capital Budget process.

5. That the Proper Officers of the City be authorized to do all things necessary to achieve the intent of the foregoing

Agenda - Council - September 27, 2006

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DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 21, 2006, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On September 21, 2006, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

STANDING POLICY COMMITTEE RECOMMENDATION:

On June 10, 2003, the Standing Policy Committee on Public Works concurred in the administrative recommendation outlined in a report from the Director of Public Works and the Director of Transit dated May 16, 2003, that the Director of the Planning, Property and Development Department be authorized to negotiate the acquisition of the CPR Marconi rail right-of-way for future transportation purposes.

RE: Proposed Acquisition of 50.4 Acres of CPR Marconi Rail Right-of-Way from Nairn to Glenway Avenues
East Kildonan/Transcona Community
North Kildonan Ward, and
Elmwood-East Kildonan Ward

FOR SUBMISSION TO: Standing Policy Committee on Property and Development

ORIGINAL REPORT SIGNED BY: Director of Planning, Property and Development

REPORT DATE: September 15, 2006

RECOMMENDATION:

1. Subject to recommendations 2. and 3. herein, that the proposed acquisition of the Subject C.P.R. Property, shown on the attached Misc. Plan No. 12013, be approved at a price of $1,500,000 as described herein and upon such terms and conditions as may be acceptable to the City Solicitor/Manager of Legal Services and the Director of the Planning, Property and Development Department.

2. That the sources of funding identified herein be approved for the acquisition of the subject property.

3. That Council authorize an expenditure of $1.2M, before the 2007 Capital Budget is adopted, as a first charge against the 2007 Tax Supported Capital Budget in order to ensure that adequate funds will be available for the proposed property acquisition described in recommendation 1. above.

4. That the City commit to contribute funding of up to fifty percent of the cost of a pathway in partnership with other organizations, beginning no later than Spring of 2008, and that this matter be referred to the 2007 Capital Budget process.

Report Summary

Key Issues:

- On June 10, 2003, the Standing Policy Committee on Public Works authorized the Director of Planning, Property and Development to negotiate the acquisition of approximately 50.4 acres (6.7km) of the CPR Marconi right-of-way (see attached Misc. Plan No. 12013) for future transportation purposes pursuant to Plan Winnipeg; however, a funding source for the property acquisition was not identified at that time.

- Highland Park Financial Inc. (owned by Mr. John Buhler, an owner of property in the adjacent Bowman Industrial Park) has negotiated an acquisition of this property from the CPR, along with another 20 or so acres located within the R.M. of East St. Paul. Highland has offered to sell the approximately 50.4 acres to the City for $1,500,000 plus related acquisition costs (i.e. legal costs estimated at $30,000.00) and with the City being responsible for registration costs at the Winnipeg Land Titles Office.

- The Administration recommends that the proposed acquisition of the C.P.R. Marconi right-of-way within the City's corporate limits be acquired for the following reasons: the Plan Winnipeg - 2020 Vision document identifies a transportation concept plan for a busway/high speed transit network (Northeast Transit Corridor), plus major street widenings for consideration beyond 2020; the acquisition would represent a unique opportunity, which may not be available in the future; and, this proposed property acquisition is achievable at a reasonable price.

- A budget requirement of $1,700,000 has been estimated to fund this proposed acquisition and attendant closing costs. The Administration has identified two accounts from which funds could be re-allocated for an acquisition of this property. This would consist of $500,000 in unallocated funds from the Public Works Department's "Land Acquisition for Future Transportation Purposes" capital account. Also, it would appear that up to $1.2M could be accessed from Winnipeg Transit's 2007 Fare Collection System budget. This would require that funds identified in the 2007 Capital Forecast be approved for reallocation from the Fare Collection System project. It is important to note that this funding will not be available until 2007. Meanwhile this proposed property acquisition, if approved, would require a commitment to pay the purchase price on the March 1, 2007 closing date.

- Highland Park Financial Inc. is also prepared to make a $150,000 contribution towards the development of an interim bicycle trail along the approximately 6.7 km corridor. The Administration recommends that the City commit to contribute funding of up to fifty percent of the cost of a pathway in partnership with other organizations, beginning no later than Spring of 2008, and that this matter be referred to the 2007 Capital Budget process.

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

( ) Involves a multi-year contract

Comment(s): In addition to accommodating the future transportation needs identified in Plan Winnipeg, the subject property would provide an opportunity for a direct recreational trail (pedestrian, bicycle, etc.) linking the City's trail network, with its proximity to the Downtown, via the Trans Canada Trail, to the Community of Birds Hill in the R.M of East St. Paul, and to Birds Hill Park, Selkirk and beyond. Such a trail would provide opportunity for tourism and related economic development in Winnipeg and the Capital Region.

Policy Implications

(X) No

( ) Yes

Comment(s):

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No

( ) Yes

Comment(s): The subject property comprises an old rail line; the C.P.R. has verbally advised that there are no known spills of any contaminates.

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): Up to $500,000 of the estimated $1.7M in required funding for this proposed property acquisition may be provided from the Public Works Department's "Land Acquisition for Future Transportation Purposes" capital account. An additional $1.2M could be reallocated from the Fare Collection System project, which forms part of the 2007 Tax Supported Capital Budget, yet to be approved. This proposed property acquisition, if approved, would require a commitment to pay the purchase price on the March 1, 2007 closing date, i.e. a "first charge" against the 2007 Capital Budget is being recommended.

Report

REASON FOR THE REPORT:

On June 10, 2003, the Standing Policy Committee on Public Works authorized the Director of the Planning, Property and Development Department to negotiate the acquisition of the C.P.R. Marconi right-of-way within the City's corporate limits for future transportation purposes.

On July 11, 2006, the City received a proposal from Highland Park Financial Inc. (owned by John Buhler) to sell this property to the City along with a financial contribution towards the cost of providing a bicycle path that would eventually end up at Birds Hill Park. This proposal has been analyzed and negotiated, and is ready for the City's formal consideration.

This report is being submitted to the Standing Policy Committee on Property and Development as the Committee has the authority to recommend to Council the terms and conditions of a proposed acquisition of property.

HISTORY:

In the spring of 2003, the Canadian Pacific Railway (CPR) initiated discussions with the Planning, Property and Development Department towards a sale to the City of approximately 50.4 acres of rail right-of-way (6.7km in length) identified as "Subject C.P.R. lands" on the attached Misc. Plan No.12013 (Appendix 1).

The Standing Policy Committee on Public Works, at its meeting held on June 10, 2003, concurred in the joint recommendation of the Public Works and the Transit Departments, thus, authorizing the Director of the Planning, Property and Development Department to negotiate the acquisition of this portion of the CPR Marconi rail right-of-way for future transportation purposes. The issue of sources of funding, however, was not addressed at that time.

Negotiations with the CPR have been complex, and the dynamics included a price reduction to a figure that the CPR advised would have to be in excess of $2M (Note: In 2003 discussions, the C.P.R. suggested a price of $4M). Also, the Department explored the possibility of the likelihood that this land could be made available to the City at a discounted rate through a federally legislated disposal process. Following a thorough investigation, a legal opinion regarding the status of the Marconi right-of-way recommended that the City pursue a commercial arrangement for its acquisition.

In July of 2005, the Department was advised of a private third party negotiating with the CPR. On July 11, 2006, Mr. John Buhler, proprietor of Highland Park Financial Inc. and owner of property in the adjacent Bowman Industrial Park, wrote the City indicating his interest in purchasing these Marconi lands from the CPR for reconveyance of the portion that is located within the City's corporate limits to the City at a price of $1.5M plus legal costs (estimated at $30,000.00), the Title registration costs and the Land Transfer Tax to be the City's responsibility.

Highland Park Financial Inc. is also prepared to contribute $150,000 towards construction of a bicycle pathway: $75,000.00 on commencement of construction; the remainder upon completion.

Other terms and conditions of this proposed acquisition are those typical of a property purchase from the CPR; the purchaser to rely on own inspection and accept the land "as is", i.e. the purchaser assuming all liabilities relating to the condition, environmental or otherwise, of the property, and the purchaser releasing and indemnifying CPR from and against all claims with respect to the condition, including the environmental condition, and reclamation or remediation, of the property, etc. with the closing and possession date being March 1, 2007.

DISCUSSION:

Plate "C" of the Plan Winnipeg - 2020 Vision document identifies a transportation concept plan for a busway/high speed transit network (Northeast Transit Corridor), plus major street widenings for consideration beyond 2020. In addition to accommodating the future transportation needs identified in Plan Winnipeg, the Marconi lands provide an opportunity for a direct recreational trail (pedestrian, bicycle, etc.) linking the City's trail network, with its proximity to the Downtown, via the Trans Canada Trail, to the Community of Birds Hill in the R.M of East St. Paul, and to Birds Hill Park, Selkirk and beyond. Such a trail would provide opportunity for tourism and related economic development in Winnipeg and the Capital Region.

In July 2005, the Department prepared an "in-house" valuation of these Marconi lands that estimated a property market value range between $1.6M and $2.2M. An updated appraisal would likely result in a higher current market value range. As such, the proposed $1.5M acquisition cost from the C.P.R. through Mr. Buhler's company is reasonably supported.

Highland Park Financial Inc. is also prepared to make a $150,000 financial contribution towards the development of an interim pathway. In this regard, the Administration recommends that the City commit to contribute funding of up to fifty percent of the cost of a pathway in partnership with other organizations, beginning no later than Spring of 2008, and that this matter be referred to the 2007 Capital Budget process.

Preliminary informal investigations with local organizations such as Rivers West and the Winnipeg Trails Association suggests that stewardship/stakeholder groups may be in a position to make/facilitate a $150,000 contribution to match Mr. Buhler's contribution.

A budget requirement of $1,700,000 has been estimated to fund this proposed acquisition and attendant closing costs. The proposed funding sources would include $500,000 of unallocated funds from the Public Works Department's "Land Acquisition for Future Transportation Purposes" capital account. It would also appear that up to $1.2M could be accessed from Winnipeg Transit's 2007 Fare Collection System budget. However, this would require that funds identified in the 2007 Capital Forecast be approved. Therefore, a commitment to pay the

purchase price on the March 1, 2007 closing date (i.e. a "first charge" against the 2007 Capital Budget) is being recommended.

The possible use of the East Kildonan-Transcona Land Dedication Reserve Fund was investigated for this proposed land acquisition. However, the subject property, once acquired by the City, will not be under a parks and recreation jurisdiction inasmuch as it would be acquired for a future transportation right-of-way. The Council adopted expenditure criteria for the Land Dedication Reserve Fund states that funds may be utilized for the construction or renovation of recreation facilities on parks and recreation properties**.** As the subject property will be acquired for a future right-of-way, use of these funds for the proposed acquisition does not meet the Council approved expenditure criteria.

Using $1.2M from the 2007 Fare Collection System Capital Budget does not mean that the Fare Collection System project's estimated cost/capital budget need has decreased. The City will need to add that back in at some other point in a future Capital Budget. Also, implementation could be delayed by at least one year.

Conclusion:
The Administration recommends that the proposed acquisition of the C.P.R. Marconi right-of-way within the City's corporate limits be acquired for the following reasons:

- The Plan Winnipeg - 2020 Vision document identifies a transportation concept plan for a busway/high speed transit network (Northeast Transit Corridor), plus major street widenings for consideration beyond 2020.
- The acquisition would represent a unique opportunity, which may not be available in the future.
- This proposed property acquisition is achievable at a reasonable price.

Financial Impact Statement

Date: September 13, 2006

Project Name:

First Year of Program **2007**

Proposed Acquisition of 50.4 Acres of CPR Marconi Rail Right-of-Way from Nairn to Glenway Avenues

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required	$ 1,700,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	1,700,000	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ 153,000	$ 153,000	$ 153,000	$ 153,000
Less: Incremental Revenue/Recovery	49,515	-	-	-	-
Net Cost/(Benefit)	$ (49,515)	$ 153,000	$ 153,000	$ 153,000	$ 153,000
Less: Existing Budget Amounts	(49,515)	153,000	153,000	153,000	153,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: This FIS is based on the premise that the request to access $1.2M as a "first charge" against the 2007 Capital Budget is approved. The $1.7M in capital costs in 2007 consist of $1,650,485 in acquistion costs, $33,010 in short-term financing charges, and $16,505 in corporate admin fees, the latter two of which are offset by equal recoveries in the Corporate Finance Department's current budget. Direct costs in 2008 represent debt & finance charges on the 2007 capital expenditure and will be charged to the current budgets of the Transit and Public Works Departments respectively.

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

6644

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Public Works Department
Transit Department

External Consultation With:

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Real Estate Division
Prepared by: Vic Mikolayenko
PPD File No. 5989/A V-4

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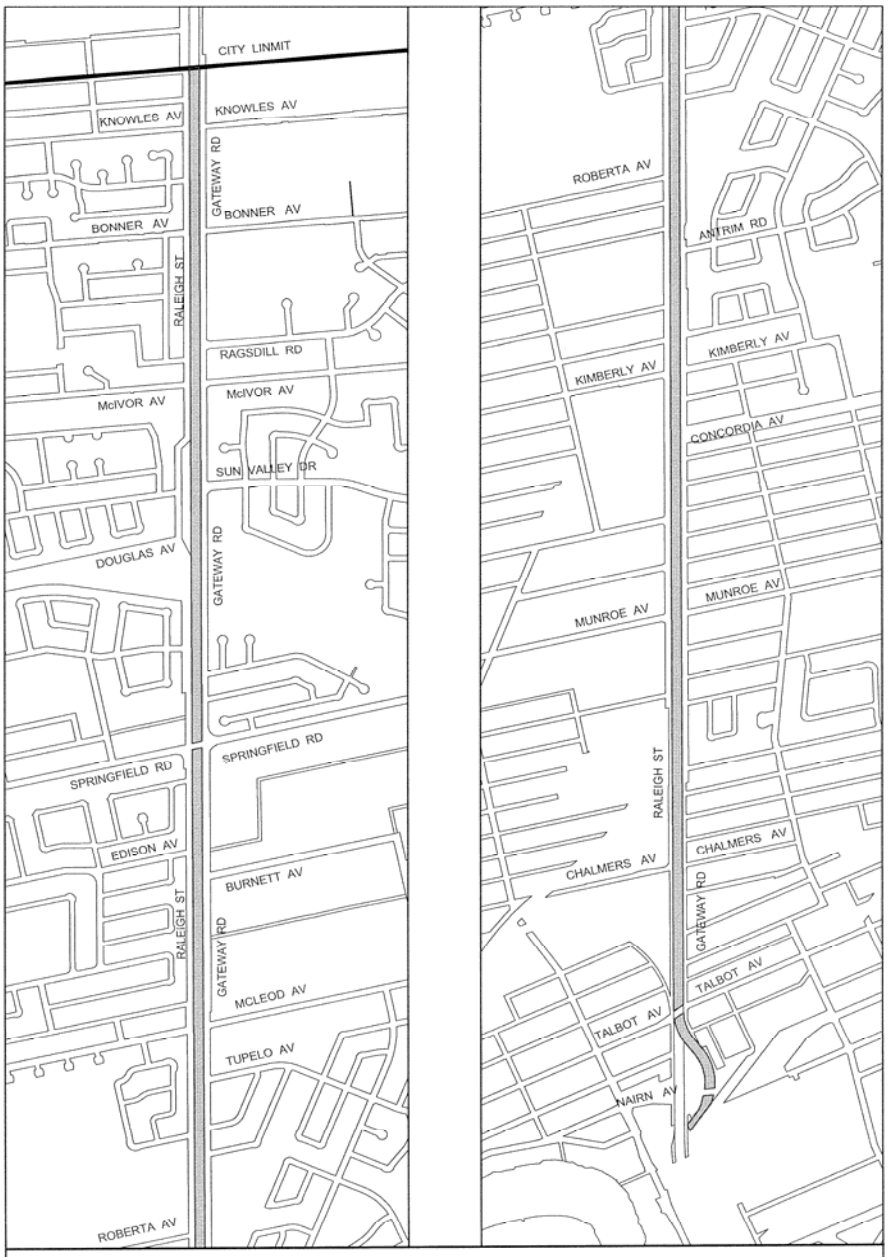
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KIMBERLY AV
KIMBERLY AV
CONCORDIA AV
MUNROE AV
MUNROE AV
RALEIGH ST
CHALMERS AV
CHALMERS AV
GATEWAY RD
TALBOT AV
TALBOT AV
NAIRN AV
Subject C.P.R. Lands 30.175 m (99') wide
20.423 ha +/- (50.4 ac +/-)
Date: 2003-SEP-16
District: EKT
File: 5989/A V2
Scale: 1:15,000
METRIC
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CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 12013