Agenda - Executive Policy Committee - November 29, 2006

Report - Standing Policy Committee on Property and Development - November 14, 2006

Item No. 12 Acquisition of 755 Tache Avenue - St. Boniface Parkway
File FI-2(35)

STANDING COMMITTEE RECOMMENDATION:

On November 14, 2006, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submits the following to Council:

1. That the acquisition of the Subject Property, as shown on Misc. Plan No. 9546/2, be approved at a price of $465,600.00 in accordance with Schedules "A" and "B" to the report from the Director of Planning, Property and Development dated November 1, 2006, and upon such other 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 negotiations for the acquisition of the riverbank property at 865 Tache Avenue and 123 Burrows Avenue be terminated and the funding encumbered for their acquisition be utilized for the acquisition of 755 Tache Avenue.

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

Agenda - Executive Policy Committee - November 29, 2006

Report - Standing Policy Committee on Property and Development - November 14, 2006

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On November 14, 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.

On June 6, 2006, the Standing Policy Committee on Property and Development directed that the Director of Planning, Property and Development actively pursue all options for acquisition of the land shown outlined on Misc. Plan No. 9546/2 (commonly known as 755 Tache Avenue) to facilitate development of the St. Boniface Parkway.

STANDING COMMITTEE DECISION:

On July 9, 2004, the Standing Policy Committee on Property and Development concurred in the administrative recommendation, namely:

1. That the Director of Planning, Property and Development be authorized to negotiate the acquisition of a 5-metre easement over 126 Alfred Avenue and the riverbank property located at 123 Burrows Avenue for the purposes of the North Winnipeg Parkway.

2. That the demolition of the properties located at 145 Burrows Avenue and 148 Alfred Avenue be postponed pending negotiations on the properties identified in Recommendation 1.

3. That the Director of Planning, Property and Development be authorized to negotiate a land exchange involving 103 Selkirk Avenue similar to that identified on Misc. Plan No. 9392/4.

4. That the unencumbered $70,000.00 from the 2003 Land Acquisition for Riverbank Purposes Account be added to the budget for these acquisitions.

On September 2, 1999, the Standing Policy Committee on Property and Development concurred in the administrative recommendation, as amended, with respect to proposed acquisition of privately-owned property at 865 avenue Tache - north of St. Boniface Walkway, namely:

1. That the Director of Property and Development Services be authorized to negotiate the acquisition of the “subject property” as outlined on Misc. Plan No. RIEL 10636, at the best possible price.

2. That the matter of funding be identified at that time.

RE: Proposed Acquisition of 755 Tache Avenue for St. Boniface Parkway

FOR SUBMISSION TO: Standing Policy Committee on Property and Development

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

REPORT DATE: November 1, 2006

RECOMMENDATION:

1. That, subject to approval of Recommendation 2. herein, the proposed acquisition of the Subject Property, shown on the attached Misc. Plan No. 9546/2, be approved at a price of $465,600.00, in accordance with the attached Schedules "A" and "B", and upon such other 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, subject to approval of Recommendation 1. herein, negotiations for the acquisition of the riverbank property at 865 Tache Avenue and 123 Burrows Avenue be terminated and the funding encumbered for their acquisition be utilized for the acquisition of 755 Tache Avenue.

Report Summary

Key Issues:

- For many years, the City has been interested in acquiring riverbank property on the west side of Tache, between Provencher and the CNR Highline, for the St. Boniface Parkway, which is one of six priority parkways established by Council on September 22, 1993. On June 6th, 2006 the Standing Policy Committee on Property and Development instructed the Director of Planning, Property and Development to actively pursue all options for the acquisition of the subject property commonly known as 755 Tache Avenue, shown outlined on Misc. Plan No. 9546/2, to facilitate development of the St. Boniface Parkway.

- The Assembly of Manitoba Chiefs (AMC) in the past have argued for reimbursement for the adjacent lands that were acquired by the City by way of tax sale in 2001. The Planning, Property and Development Department is unaware of any commitments by the City to credit the FNET/AMC with the value of the land lost by the AMC in tax sale 104/69.

- The Department recommends purchase of the subject property, shown on the attached Misc. Plan No. 9546/2, based on an amount that is equivalent to the current property assessment value of $465,600.00, on the condition that the

AMC relinquishes all of its interests in this property and perceived interest in the adjacent parcel of land that was lost in tax sale. The AMC has communicated its agreement with this proposal (refer to attached Schedules “A” and “B”).

- There are undetermined cost issues associated with this site. These include building demolition, site remediation, and site development costs. As an example, demolition costs in 2002 were estimated at approximately $120,000. These costs, plus site development costs of approximately $85,000 to $100,000 are proposed to be considered in a subsequent report pertaining to development of the site.

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): This property, if acquired by the City, will connect City-owned park properties on both sides of the subject property for development of the St. Boniface Parkway.

Policy Implications

(X) No

( ) Yes

Comment(s):

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

( ) No

(X) Yes

Comment(s): The subject property is proposed to be sold to the City on an “as is” and “where is” basis. The Planning, Property and Development Department is aware of the history of industrial uses on the subject property, and will be prepared to remediate the site as part of its future development as a public park.

Human Resources Implications

(X) No

( ) Yes

Comment(s):

Financial Implications

(X) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s): The funds required for this proposed property acquisition are available within existing approved capital accounts, subject to approval of Recommendation No. 2. above.

Report

REASON FOR THE REPORT:

Pursuant to the June 6, 2006, instructions of the Standing Policy Committee on Property and Development, the Planning, Property and Development Department has negotiated the proposed acquisition of the "Subject Property", as shown on the attached Misc. Plan No. 9546/2, in accordance with the proposed purchase price and terms and conditions described within the attached Schedules "A" and "B".

By this report, the Planning, Property and Development Department is seeking Council's approval of the acquisition as negotiated, subject to the Standing Policy Committee on Property and Development approving a reallocation of funds for this purpose.

The Standing Policy Committee on Property and Development had previously authorized negotiations to acquire two properties located at 865 Tache Avenue and 123 Burrows Avenue, as described further in this report. The Department recommends that the funding related to these proposed property acquisitions be reallocated towards the purchase of the subject property located at 755 Tache Avenue.

HISTORY:

Subject Property:

For many years, the City has been interested in acquiring riverbank property on the west side of Tache, between Provencher and the CNR Highline, for the St. Boniface Parkway, which is one of six priority parkways established by Council on September 22, 1993.

On June 6th, 2006, the Standing Policy Committee on Property and Development instructed the Director of Planning, Property and Development to actively pursue all options for the acquisition of the subject property commonly known as 755 Tache Avenue, shown outlined on Misc. Plan No. 9546/2, to facilitate development of the St. Boniface Parkway.

The Department has negotiated a proposal (attached Schedules "A" and "B") with the Assembly of Manitoba Chiefs (AMC) for the purchase of the land based on an amount that is equivalent to the current property assessment value of $465,600.00, on the condition that the AMC relinquishes all of its interests in this property and perceived interest in the adjacent parcel of land that was lost in tax sale.

Funding Sources:

At its meeting on September 2, 1999 the Standing Policy Committee on Property and Development authorized the Director of the then Property and Development Services Department to negotiate the acquisition of 865 Tache Avenue, at the best possible price.

At its meeting of July 5, 2001, the Standing Policy Committee on Property and Development concurred with the Administration's recommendation to abandon attempts to acquire riverbank land between Selkirk Avenue and Alfred Avenue (including the property at 123 Burrows Ave) and instead acquire the appropriate mid block properties to allow the completion of the North Winnipeg Parkway between Selkirk Avenue and Alfred Avenue.

At its meeting of July 9, 2004, the Standing Policy Committee on Property and Development authorized the Director of Planning, Property and Development to recommence negotiations to acquire the riverbank property located at 123 Burrows Avenue for the purposes of the North Winnipeg Parkway.

DISCUSSION:

Subject Property:

The “Tax Sale No. 104/69” property, shown on the attached Misc. Plan No. 9546/2, was owned by S. B. R. Investments Ltd. (principal: Susan Scott), who, in September of 1995, transferred this property, together with the adjacent property illustrated as “Subject Property” on the Plan, by way of a donation to The First Nations Education Trust Inc. (FNET), an entity understood to have been created by the AMC. Title to the property identified as “Tax Sale No. 104/69” on the attached Misc. Plan No. 9546/2 was issued to the City on August 17, 2001 as a result of the tax sale process.

The “Subject Property” shown on the attached Misc. Plan No. 9546/2 is located on the riverfront side of Tache Avenue in a very marketable area of St. Boniface, close to new retail and multiple-family developments. The parcel is developed with a poorly maintained warehouse and several old storage sheds. It is clearly poised for redevelopment, but it is zoned M2 Industrial and it is designated for open space use under Plan Winnipeg. The property is currently listed for sale at $635,000. The AMC has advised that several offers to purchase have been received, but that all have been conditional upon a successful Plan Winnipeg amendment and a rezoning to a more intensive (valuable) use.

The Department considers the current market value to be in the order of $300,000.00, which represents an update of 9% over the conclusion reached in a 2005 appraisal. There are undetermined cost issues associated with this site. These include building demolition, site remediation, and site development costs. As an example, demolition costs in 2002 were estimated at approximately $120,000. These costs would be addressed in a subsequent report pertaining to development of the site.

The appraised market value reflects the M2 industrial zoning and the implications of the Plan Winnipeg designation. There is clearly a difference between the potential value under a rezoning, and the market value under current land use restrictions.

The AMC is aware of plans for a proposed Condominium development across the street from its property at 755 Tache Avenue (old Rendez-Vous site), and advises that it has received a number of conditional offers for the purchase of the subject property, the most recent one being in the amount of $510,000 subject to a 60 day due diligence period in favour of the purchaser, the successful rezoning and sub-division of the land, and the purchaser acquiring the City-owned spur line that bisects the property.

The subject property is currently assessed at $465,600 for property tax assessment purposes, and the Department considers that the difference between its estimate of the current market value and the assessment for tax purposes may be attributable to the buildings' poorly maintained condition not being reflected in the assessment.

The AMC have argued for reimbursement for the adjacent lands that were acquired by the City by way of tax sale in 2001. The Department recommends purchase of the subject property based on and amount that is equivalent to the current property assessment value of $465,600 on the condition that the AMC relinquishes all of its interests in this property and perceived interest in the adjacent lot that was lost in tax sale. The AMC has communicated its agreement with this proposal (attached Schedules "A" and "B").

The City's use of the subject property would be to connect City-owned park properties on both sides of the subject property for development of the St. Boniface Parkway. The site development costs of approximately $85,000 to $100,000 are proposed to be considered in a subsequent report pertaining to development of the site.

Funding Sources:

The City has been actively negotiating with the owners of 865 Tache Avenue for many years. An agreement on the purchase price has proven impossible. In addition, this area is the subject of recent development interest. It is possible that 865 Tache Avenue could be the subject of a development proposal before the City is in a position to successfully negotiate acquisition of the riverbank lands. However, the City could acquire riverbank lands through the development application process (i.e. land dedication) rather than purchase the property in its entirety. In addition, the City owns adjacent properties, an abandoned rail spur line and street ends that could be used in exchange for the required riverbank lands located at 865 Tache Ave. Therefore, it is recommended that the $288,760.00 of Capital funding remaining for the acquisition of 865 Tache Avenue be reallocated to the acquisition of 755 Tache Avenue.

The City has negotiated with the owners of 123 Burrows Avenue since 1993. An agreement on a purchase price has proven impossible. In fact, in 2001, the decision was made to abandon attempts to acquire 123 Burrows Avenue and instead acquire the

appropriate mid block properties to allow the completion of the North Winnipeg Parkway between Selkirk Avenue and Alfred Avenue. Once the appropriate mid block properties were acquired (i.e. 145 Burrows Avenue and 148 Alfred Avenue), the owners of 123 Burrows again approached the City regarding the acquisition of their property. The authority to negotiate the acquisition of 123 Burrows along with the necessary funding was renewed on July 9, 2004, but negotiations have proven to be unsuccessful. It is recommended that this acquisition be abandoned and the remaining funding of $106,787 be reallocated to the acquisition of 755 Tache Avenue.

The Planning, Property and Development Department recommends approval of this proposed property acquisition for the following reasons:

- The subject property, as it presently exists, is visually disruptive to the predominantly residential character of the neighbourhood.
- Subsequent development of this property by the City as a public park would further the objectives of Plan Winnipeg.
- Its acquisition would facilitate completion of the St. Boniface Parkway, which is one of six priority parkways established by Council on September 22, 1993.
- The proposed terms of acquisition would settle a long outstanding issue with the AMC as regards the City's acquisition of the adjacent property via the tax sale process.

In addition to the amounts recommended for reallocation, which total $395,547, an additional $84,021 is required to complete the purchase as recommended. This additional funding is available in existing approved capital accounts, namely Land Acquisition – Riverbanks and Land Acquisition – General Unspecified.

Financial Impact Statement

Date: November 1, 2006

Project Name:

Proposed Acquisition of 755 Tache Avenue for St. Boniface Parkway

First Year of Program **2007**

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required	$ 479,568	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	479,568	-	-	-	-
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	$ -	$ 40,763	$ 40,763	$ 40,763	$ 40,763
Less: Incremental Revenue/Recovery	13,968	-	-	-	-
Net Cost/(Benefit)	$ (13,968)	$ 40,763	$ 40,763	$ 40,763	$ 40,763
Less: Existing Budget Amounts	(13,968)	40,763	40,763	40,763	40,763
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital costs of $479,568 consists of the proposed purchase price of $465,600 + $9,312 in short-term financing costs & $4,656 in corporate admin fees, the latter two of which are offset by equal recoveries in the Corporate Finance Department's current budget. Direct costs from 2008 onward represent debt and finance charges on the 2007 capital expenditure and will be charged to the current budget of the Planning, Property, and Development Department.

"Original Signed By"
Mike McGinn, CA
Manager of Finance

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By: None

External Consultation With: None

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Real Estate Division
Prepared by: Vic Mikolayenko
PPD File No. 8234 V-4

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Schedule "A"

Winnipeg

Planning, Property & Development Department • Service de l'urbanisme, des biens et de l'aménagement

Office of the Director • Bureau du directeur

(204) 986-5160
Fax / Téléc. : (204) 947-2284

October 6, 2006

Mr. Lorne Cochrane
Director of Special Projects
Assembly of Manitoba Chiefs Secretariat Inc.
200 - 260 St Mary Avenue
Winnipeg, Manitoba
R3C 0M6

Dear ~~Mr.~~ Lorne Cochrane:

Re: 755 Tache Avenue

Thank you again for agreeing to meet with us yesterday on such short notice to discuss the City's interest in acquiring the above referenced property for parkland development purposes.

We would like to take this opportunity to confirm certain understandings that emerged from our meeting in regard to this matter.

As per our discussion, this will confirm that the Planning, Property and Development Department is prepared to recommend, to the Standing Policy Committee on Property and Development, the purchase of the land at 755 Tache Avenue based on a price that is equivalent to the current property assessment value of $465,600 for parkland development purposes under the following conditions:

1. That the AMC relinquishes all of its interests in this property and any perceived interest in the adjacent lot that was lost in tax sale;

2. That the recommendation for the purchase of the land would be made on an "as is", "where is" basis;

3. That a condition of the sale would include a provision that the Assembly of Manitoba Chiefs will have paid all outstanding municipal and school taxes in full;

4. And that upon completion of the development of these lands for parkland purposes, the City agrees to honour and recognize the Aboriginal and First Nations People in a manner consistent with the intent when Susan Scott gifted the property to the First Nations community, by erecting a plaque on the site and conducting an appropriate recognition

ceremony involving Susan Scott and Grand Chief Ron Evans of the Assembly of Manitoba Chiefs.

Please feel free to contact Brian Henderson or me if you have any questions or concerns with respect to the above.

Once we have received written confirmation from you that this proposal is acceptable to the Assembly of Manitoba Chiefs we will prepare our report for consideration by the Standing Policy Committee on Property and Development. As we emphasized during our meeting, any possible acquisition by the City would ultimately be subject to final approval by City Council.

Once again, thank you for your consideration of this matter.

Yours truly,

Harry Finnigan, Director
Planning, Property and Development

c.c. Brian Henderson, Administrative Coordinator of Economic Development
Ray Klassen, Manager of Real Estate

V:\Shirley\Letters\755 Tache - Assembly of Manitoba Chiefs Secretariat Inc. - Lorne Chochrane - October 6, 2006.doc

Schedule "B"



ASSEMBLY OF MANITOBA CHIEFS SECRETARIAT INC.

200-260 St. Mary Avenue • Winnipeg, Manitoba • R3C 0M6 • Telephone: (204) 956-0610 • Fax: (204) 956-2109

October 20, 2006

Mr. Harry Finnigan, Director
Planning, Property & Development Department
3rd floor – 65 Garry Street
Winnipeg, Manitoba
R3C 4K4

Dear Mr. Finnigan:

RE: 755 Tache Avenue

On behalf of the First Nations Education Trust (FNET) Board of Directors, I am pleased to accept the City of Winnipeg's proposal to purchase the land at 755 Tache Avenue at the agreed upon offer of $465,600.00 and the conditions attached to the offer.

As per our discussions with respect to the honoring ceremony which is to be held once the land has been developed for parkland purposes, I am identifying Ms. Angela McKay, Executive Assistant, be the contact person for the Assembly of Manitoba Chiefs, for the purposes of coordinating this event. She can be reached at (204) 987-4113.

We look forward to working with your department and the City of Winnipeg on the completion of this proposal.

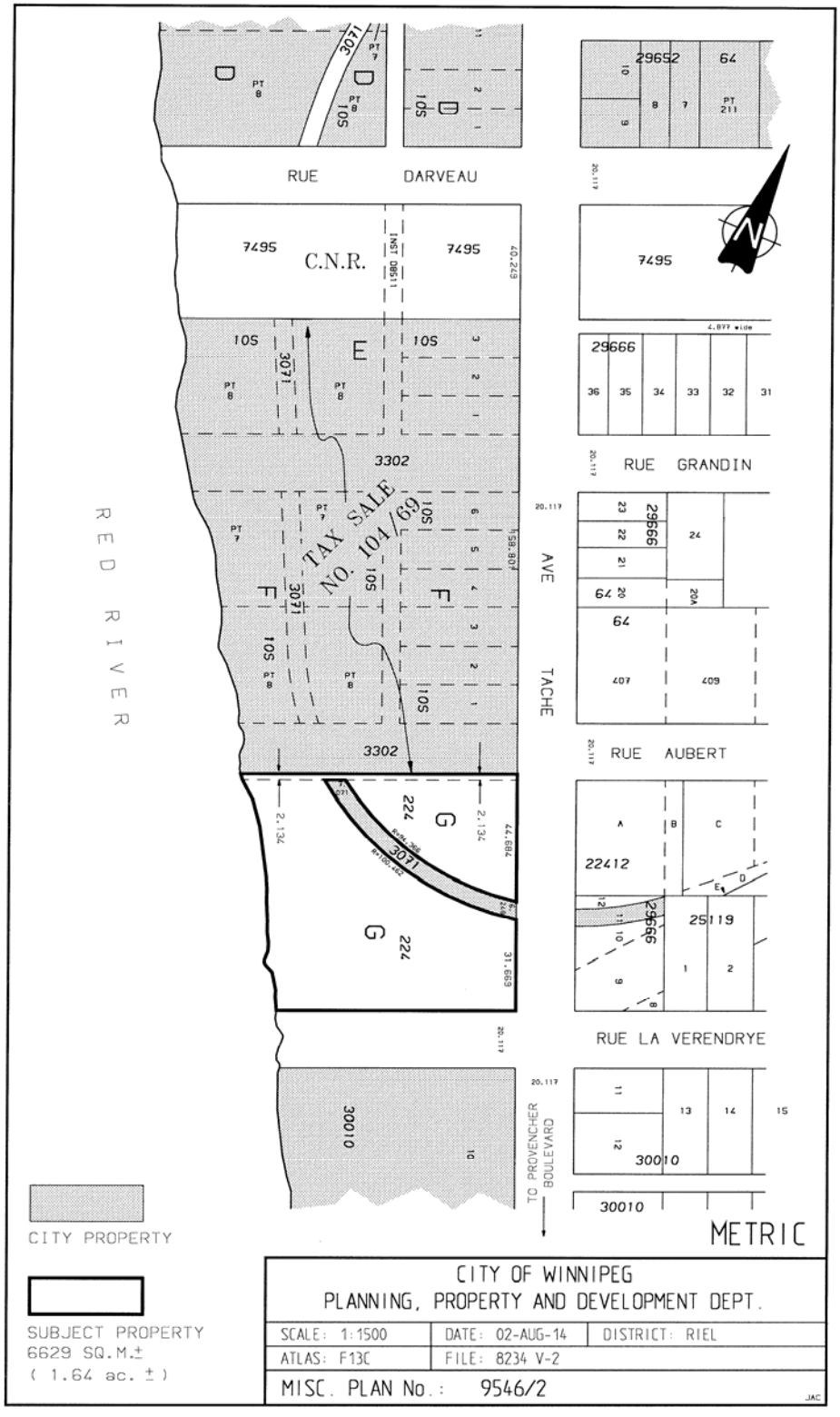
Sincerely,

THE ASSEMBLY OF MANITOBA CHIEFS

Lorne Cochrane
Executive Director

cc. Manitoba First Nations Trust Board of Directors

Copy to:
Ray Klassen
Brian Henderson


RUE DARVEAU
C.N.R.
7495
3302
TAX SALE NO. 104/69
RED RIVER
AVE TACHE
RUE GRANDIN
RUE AUBERT
RUE LA VERENDRYE
TO PROVENCHER BOULEVARD
30010
METRIC
CITY PROPERTY
SUBJECT PROPERTY
6629 SQ.M.±
(1.64 ac. ±)
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
SCALE: 1:1500
DATE: 02-AUG-14
DISTRICT: RIEL
ATLAS: F13C
FILE: 8234 V-2
MISC. PLAN No.: 9546/2