Minute No. 396
Report - Standing Policy Committee on Property and Development – May 22, 2007

Item No. 11 **Pointe Hebert – North St. Boniface – Results of Expression of Interest Process**
(St. Boniface Ward)
File FI-2.4(35)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

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 sale of the subject City properties to Qualico Developments (Winnipeg) Ltd., shown outlined on Misc. Plan No. 12964/1, be approved for the price of $360,000.00, subject to any additional terms and conditions that the Director of Planning, Property and Development and the City Solicitor/Manager of Legal Services consider necessary to achieve the intent of the Standing Policy Committee on Property and Development.

2. That the net proceeds from the sale of the City-owned land be utilized for infrastructure improvements in the North St. Boniface Parkway (clean up 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.

Report - Standing Policy Committee on Property and Development – May 22, 2007

DECISION MAKING HISTORY:

Moved by Councillor Swandel,

That the recommendation of the Standing Policy Committee on Property and Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On May 22, 2007, the Standing Policy Committee on Property and Development concurred in the administrative recommendation, as amended, namely:

- That Recommendation No. 1 be amended by adding the following words to the end thereof, namely, "subject to any additional terms and conditions that the Director of Planning, Property and Development and the City Solicitor/Manager of Legal Services consider necessary to achieve the intent of the Standing Policy Committee on Property and Development."

- That Recommendation No. 2 be deleted in its entirety and substituted with the following new Recommendation No. 2, namely:

    "2. That the net proceeds from the sale of the City-owned land be utilized for infrastructure improvements in the North St. Boniface Parkway (clean up of 755 Tache Avenue)"

and submitted the matter to the Executive Policy Committee and Council.

RE: **Pointe Hebert – North St. Boniface – Results of Expression of Interest (EOI) Process**
(EOI No. 530-2006)
Riel Community
St. Boniface Ward

FOR SUBMISSION TO: Standing Policy Committee on Property & Development

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

REPORT DATE: May 2, 2007

RECOMMENDATION(S):

1. That the sale of the subject City properties to Qualico Developments (Winnipeg) Ltd., shown outlined on the attached Misc. Plan No. 12964/1, be approved for the price of $360,000.00.
2. That authority be delegated to the Chief Administrative Officer to finalize the terms and conditions of the agreement of purchase and sale.
3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report Summary

Key Issues:

- On July 17, 2002, Council directed that the City of Winnipeg, in accordance with Plan Winnipeg Policy and the stated objectives of the North St. Boniface Action Area Plan, issue a proposal call for the redevelopment of the City-owned lands north of the High Line in North St. Boniface for mixed use residential development, subject to several principles. These included restricting residential densities to principally single-family with the possibility of some low to medium density multiple-family in select locations, preservation of the majority of the riverbank area for public open space, and the establishment of urban design controls.
- In accordance with previous Council direction, an Expression of Interest was developed and advertised for the Pointe Hebert – North St Boniface lands, which closed on September 29, 2006. The Expression of Interest (EOI No. 530-2006) process resulted in two submissions.
- An EOI review process was conducted by an Administrative Review Committee. The EOI review process identified the Qualico Developments (Winnipeg) Ltd. proposal as the preferred submission.
- The Qualico Developments (Winnipeg) Ltd. proposal provides for a sale of the properties at a purchase price of $360,000.00, which represents the best value to the taxpayers, and is in the best strategic and financial interest of the City.

Implications of the Recommendation(s):

General Implications

( ) None

(X) 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):

- City Departments including Water and Waste, Public Works, Transit, and Planning, Property and Development will participate in the implementation of any development that result from these recommendations.
- Any new development of the Pointe Hebert – North St. Boniface properties will have some impact on the surrounding neighbourhood. Due to the size and scale of the development, impacts should be minimal.

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 City's standard terms and conditions of sale will include provisions to protect the City's interests in the event that environmental contamination is discovered.

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):

- A positive benefit would accrue to the City through the acquisition of sales revenue and the generation of realty taxes on the vacant land.
- Any new development on the site will produce additional realty tax revenue for the City.

Report

REASON FOR THE REPORT:

The Standing Policy Committee on Property and Development has authority to approve the sale of the subject City-owned properties shown outlined on Misc. Plan No. 12964/1. This report provides information on the results of the Expression of Interest (EOI) for the Pointe Hebert – North St. Boniface properties, and approval of the sale is required by the Standing Policy Committee on Property and Development.

HISTORY:

On January 21, 1976, Council adopted the *North St. Boniface Secondary Plan*, a long range land use plan for the area, which designated the residential neighbourhood north of the High Line as an area for predominantly residential development. This marked a change from previous Council directions, which called for the acquisition of properties in this area for the purpose of expanding Whittier Park. The subject parcels of land were acquired by the City prior to the 1976 North St. Boniface District Plan.

On July 17, 2002, Council directed that the City of Winnipeg, in accordance with Plan Winnipeg Policy and the stated objectives of the North St. Boniface Action Area Plan, issue a proposal call for the redevelopment of the City-owned lands north of the High Line in North St. Boniface for mixed use residential development, subject to the following principles:

- "That the densities be limited to principally single-family with the possibility of some low to medium density multiple-family along the north side of Rue Darveau and on the west side of Tache Avenue, if necessary, subject to obtaining the required Plan Winnipeg amendments;
- That the riverbank area, by-and-large, be preserved for public, open park space in accordance with Plan Winnipeg Policy guidelines;
- That the City of Winnipeg establishes and maintains urban design controls over development as it occurs."

In 2002, the Planning, Property, and Development Department concluded that projected incomes from the sale of the subject City properties would be sufficient to complete substandard pavements, provided that the City acted as the prime developer. The Department would "establish and maintain urban design controls to enhance land values" and "invest the revenue from the sales of City-owned lands back into infrastructure improvements". By acting as the prime developer, the City would be able to offer the completed lots to the widest range of potential purchasers and realize the highest possible return from the open market place.

Upon completing an extensive analysis, the Planning, Property, and Development Department concluded that any development of the subject lands would result in a potential loss of $250,000.00 to $350,000.00 due to the costs of infrastructure upgrades along the frontages of existing private residential properties in the area. In this light and in accordance with Council's July 17, 2002 directive, a Building Communities Grant of $450,000.00 was approved in 2003/2004 to cover this potential shortfall.

On October 22, 2003, Council approved By-law No. 148/2003 (DAZ 228/03), rezoning the City's land holdings fronting on Rues Messager and Hebert by consolidating the existing land uses of "R2T", "R2", and "R1-3.5" into a single "R1-3.5" Single Family Residential District to facilitate development.

In latter part of 2004, the Planning, Property, and Development Department retained a consultant to prepare landscape architectural sketches for the Pointe Hebert area to identify community enhancements, and variations on the design and location of roadways and lanes. A meeting was held with local area residents, representatives of the St. Boniface Residents Association, and Entreprises Riel to discuss the various options for the area. The local community favoured, and endorsed, the suggested landscaping treatments and new street and lane configurations as presented within the McGowan Russell Conceptual Master Plan, Option 2A (see Appendix "A").

On April 27, 2005 Council approved By-law No. 71/2005 (DAS 19/04), which involved the re-subdivision of the City lands on the south side of Rue Messager in order to open the previously closed section of that street and to facilitate the creation of ten (10) single family residential lots for sale.

On December 14, 2005, Council approved amendments to the *North St. Boniface Secondary Plan*. The amendments designated the area in which the subject lands are located as a "Residential Policy Area", and reaffirmed that the area be developed for residential land uses, amongst other changes.

DISCUSSION:

Expressions of Interest and Proposal Process (EOI No. 530-2006)

The EOI process involved the following three phases:

Phase I – EOI Evaluation:
An Administrative Review Committee analyzed the EOI submissions from the various proponents, based upon quantitative and qualitative criteria, to produce a short list of submissions.

Phase II – Detailed Proposal Solicitation and Evaluation:
The short-listed proponents were invited to submit detailed proposals. All detailed proposals were again analyzed using the review criteria.

Phase III – Negotiation:
Negotiations occurred with the short-listed proponents from Phase II, within the parameters of the EOI.

Expression of Interest and Proposal Submission Review

The Department received two submissions pursuant to the Pointe Hebert – North St. Boniface EOI. An Administrative Review Committee comprised of representatives from the Departments of Public Works, Water and Waste, Transit, and Planning, Property, and Development evaluated the submissions. The evaluation focused on qualitative and quantitative review criteria to produce a short list of submissions that were determined to be in the best interest of the City.

Evaluation & Analysis

In order to bring more consistency and transparency to the EOI review process, a standardized EOI evaluation methodology was developed for all EOI submissions. The evaluation and analysis of the proposals was completed using standardized evaluation criteria, as shown in Appendix “B” attached.

There were several site-specific features that were unique to this Expression of Interest. This included the need for a successful proponent to enter into a serving agreement to upgrade and / or complete a variety of infrastructure improvements in the Pointe Hebert neighbourhood, including concrete paving of streets and lanes, concrete sidewalks, boulevard landscaping and tree planting, and the installation of underground hydro, telephone, and cable utilities. In addition, a Building Communities grant of approximately $420,000.00 is available to offset the costs of installing infrastructure along the frontages of the existing private and remaining City properties. The City would also require urban design controls to be registered on the lands via a caveat, and for the successful proponent to follow the principles of the community preferred 2004 McGowan-Russell Conceptual Master Plan Option 2A for landscape treatments and street configurations in the area. Finally, the EOI is not specific to one discrete property, but twenty-four (24) residential properties within the Pointe Hebert neighbourhood which are being offered as a complete package.

Although not within the scope of the EOI, the subject lands will be influenced by the City’s current efforts in opening two roads in the area. The City is currently preparing a road opening plan to re-establish the formerly closed portion of Rue Messager, which will also open the lane access between Rues Messager and Hebert. The City is also preparing a road opening plan over its land ownership on the north side of Rue Darveau, in preparation for the proposed right-of-way for the future East-West Transit Corridor. That roadway opening will establish the residual titles to the currently zoned RM-1 lands on Rue Darveau.

EOI Submissions

The 5008093 Manitoba Ltd. (Friesen) Proposal

The proponent's proposal plans for the redevelopment of the twenty-four residential lots in accordance with the North St. Boniface Action Area Plan, and the McGowan-Russell Master Plan Option 2A. The proposal involves predominately single family residential development, with a total of fourteen (14) low density multiple-family residential units being proposed for the two "RM-1" zoned parcels off of Rue Darveau. The development concept envisions a variety of modestly priced dwellings in the 1,200 to 1,400 square foot range to be constructed on the subject lands. The proposal also calls for the residential units to be constructed with a variety of porches, balconies, building and site aesthetic design elements to create an inviting and comfortable neighbourhood, and to comply with the required urban design controls.

Details of the proposal relative to the EOI Review Criteria are as follows:

- Consistent with Plan Winnipeg, the North St. Boniface Secondary Plan, and the McGowan-Russell Master Plan Option 2A;
- The proponents propose to purchase the subject lands from the City for $611,461.00, subject to negotiation. However, under the proposal the cost of servicing are to be credited against the purchase price. Given that costs of servicing the area are expected to be significantly in excess of the offered purchase price, this would result in the 'purchase price' potentially being a negative value.
- The proposal is not clear in terms of which party is responsible for certain aspects of servicing;
- The proposal calls for the inclusion of porches, balconies, building and site design elements to address the requirements for urban design controls;
- The proponent is requesting a variety of lot width, lot area, and side yard variances in order to develop the properties;
- No lending institution has been identified.

While the EOI Review Committee believed that the proposal had merit as a redevelopment option for the site, it was concluded that the proposal was not in the best interest of the City. The proposed condition, that the costs of servicing be off-set against the purchase price, would more than likely result in a 'negative' purchase price. The costs of servicing the area are expected to be significantly in excess of $611,461.00 (between $1,600,000.00 and $1,800,000.00), and no lending institution or financial information was included. Due to these above factors, it was determined that this proposal was not in the best interest of the City.

Qualico Developments (Winnipeg) Ltd. Proposal

The proponent's proposal involves the redevelopment of the twenty-four residential lots in accordance with the North St. Boniface Action Area Plan, and the McGowan-Russell

Master Plan Option 2A. The proposal calls for the construction of single-family homes on the majority of the lots, with townhomes of a scale and character appropriate to the area to be located on the two “RM-1” zoned parcels. The proponent’s proposal also provides extensive details on the service and infrastructure upgrades required for the area, and clearly delineates the costs and proponent’s responsibilities.

The development concept proposed actively embraces the concept of urban design controls for the subject properties. The proposal calls for architectural designs that will incorporate St. Boniface “French Quarter Stylistic” design elements such as steeper pitch roofs, front porches, together with appropriate detailing and colours commonly associated with this style of architecture. The proposal also calls for the developer to undertake periodic open houses to inform the community of development progress and to provide the opportunity for public input for specific design proposals.

Details of the proposal relative to the EOI Review Criteria are as follows:

- Consistent with Plan Winnipeg, the North St. Boniface Secondary Plan, and the McGowan-Russell Master Plan Option 2A;
- The proponents propose an outright purchase price of the subject lands for $360,000.00, exclusive of servicing costs;
- Costs of servicing and infrastructure improvements are clearly delineated, and will be borne by the proponent. Cost of servicing the subject lands and other properties in the area is estimated by the proponent at approximately $1,820,000.00;
- The proposal meets community expectations for development in this area in terms of land use, residential densities, and desire for urban and architectural design details that complement the existing St. Boniface building heritage;
- The proponent proposes ongoing community consultation;
- Proponents have substantial experience in development and a proven track record.

The proposal as submitted has significant merit as a redevelopment option for the subject properties. The proposal is thorough, well thought out, and addresses all aspects of the EOI Review Criteria, including a detailed servicing cost estimate, proposed architectural styles, examples of similar developments completed by the developer, and calls for community consultation.

The proposed purchase price of $360,000.00, while lower than the Friesen proposal, is more realistic, as it excludes servicing costs. The costs for the required infrastructure installation and upgrades are outlined in detail, and responsibilities are clearly indicated. In regards to urban design controls and architectural design, the proposal defines a vision for the area that is based upon a design style that is complementary and celebrates the area’s French Canadian heritage. In addition, the proposal recognizes the community’s expectations in architectural styles, and responds to the community’s desire for consultation in the development process.

CONCLUSION:

All proposals were reviewed by the EOI Review Committee against the EOI evaluation criteria, and each proposal was assigned a score in each of the various sub-categories.

The Qualico proposal received a significantly higher score than the 5008093 Manitoba Ltd. (Friesen) proposal. Each proposal was viewed to be viable in terms of an overall land development concept; however, the Qualico proposal was clearly superior in several areas.

While the purchase price offered by Qualico at $360,000.00 is lower than the $611,461.00 offered by 5008093 Manitoba Ltd. (Friesen), the purchase price offered by Qualico is realistic and exclusive of servicing costs, thus providing a level of certainty for the City in terms of sales revenue. The detailed servicing cost estimates and delineation of developer responsibilities outlined in the Qualico proposal provides a clear picture of what infrastructure improvements are required. Qualico has significant experience in land development and the construction of a variety of residential types and design styles. The developer also has significant urban design expertise, and experience with urban design controls and architectural guidelines. Also, the design vision proposed by Qualico reflects the wishes of the community to have a residential development that complements and celebrates the area's French Canadian heritage. In addition, the developer is proposing ongoing community consultation, which addresses the local community's desire to have a voice in development in the area.

For the reasons outlined above, it is the opinion of the EOI Review Committee and the Department of Planning, Property, and Development, that the Qualico proposal presents the best financial and strategic option for the City, and recommends this proposal as the preferred option.

Financial Impact Statement

Date: May 2, 2007

Project Name: **First Year of Program** **2007**

Pointe Hebert – North St. Boniface – Results of Expression of Interest (EOI) Process (EOI No. 530-2006)

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
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	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	360,000	-	-	-	-
Net Cost/(Benefit)	$ (360,000)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(360,000)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The proceeds of disposition will be credited to the Land Operating Reserve. Estimated realty tax revenues from development of the subject property have been excluded from this analysis as they are not material in nature.

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

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

- Public Works Department
- Water and Waste Department
- Transit Department

External Consultation With:

- N/A

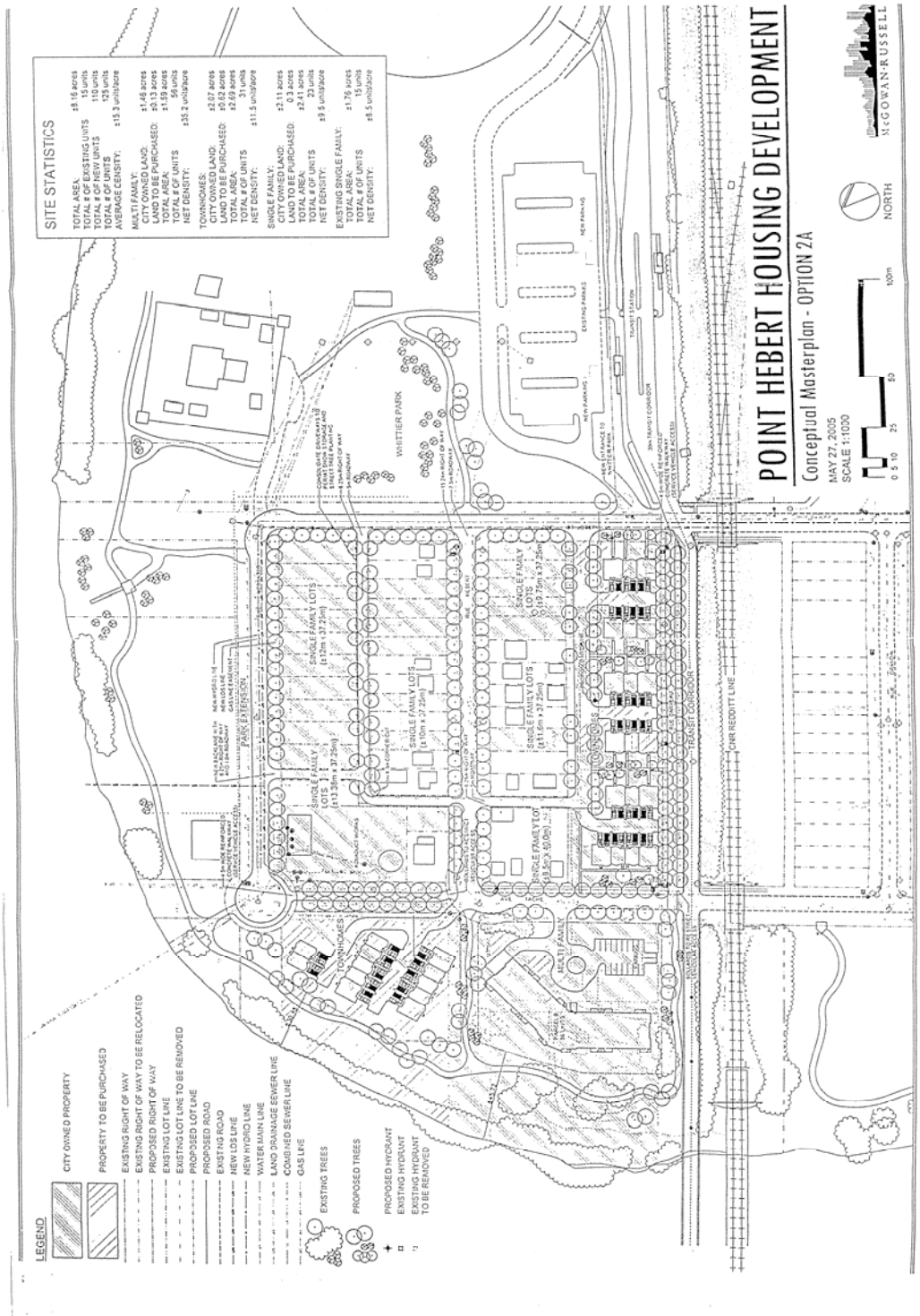
THIS REPORT SUBMITTED BY:

Department:	Planning, Property, and Development
Division	Real Estate Division
Prepared by:	David Marsh, AICP MCIP
PPD File No.	5413/AA

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PLACE (POINTE) HÉBERT
NORTH ST. BONIFACE
Subject City Properties
METRIC
Date: 2006-AUG-2
District: RIEL
File: 5413 / AA V3
Scale: 1:1500
NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only.
No warranty is expressed or implied regarding the accuracy of such information.
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 12964 / 1
MESSAGER
RUE HEBERT
RUE ST. JOSEPH
RUE DARVEAU
AVE TACHE
RUE GRANDIN
RESERVED FOR TRANSIT CORRIDOR
(APPROXIMATE LOCATION)
R1-3.5
R2
RM-1

Appendix “A”: McGowan-Russell Master Plan Option 2A



Appendix "B":

EOI Evaluation Criteria

Conceptual

1. Conformance with Plan Winnipeg, and its policies
2. Conformance with other adopted Plans, such as Secondary or Conceptual Plans
3. Compatibility with surround community
4. Vision of project
5. Benefits to surrounding community and the City as a whole

Financial

1. Marketing Strategy
2. Funding Sources
3. Experience of Proponent
4. Economic Benefit or Liability to City
5. Conditions of Sale / Purchase
6. Sustainability of Project

Greenspace Requirements

1. Conformance with zoning requirements
2. Innovative utilization of public open space
3. Enhancement of private open space

Utilities

1. Land Drainage / Impoundment
2. Waste Water requirements
3. Waterline distribution
4. Street & Lane circulation
5. Electrical, Telephone & Cable distribution
6. Natural Gas distribution

Community Impacts

1. Satisfies current needs & requirements
2. Provides new directions & opportunities

Site Specifics

1. Historical / Archeological impacts
2. Environmental or Ecological Sensitive Lands
3. Proponent's proposal / solution / mitigation to Nos. 1 & 2
4. Innovative site layout & building design