Agenda – Council – March 24, 2010

Report "A" – Executive Policy Committee – March 17, 2010

Item No. 6 Expropriation Settlements – 470 and 471 Warsaw Avenue (Canada One Travel) – Southwest Rapid Transit Corridor Project, Phase 1 (Fort Rouge-East Fort Garry Ward) eFile GL-4

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 17, 2010, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That the expropriation settlement for 470 Warsaw Avenue and expropriation settlement and acquisition of the remaining property for 471 Warsaw Avenue be approved at the all-inclusive negotiated settlement price of $2,580,000.00.

2. That subject to Recommendation No. 1, the property be declared surplus to the needs of the City and be made available for sale.

3. That subject to Recommendation No. 2, the net sale proceeds from the proposed sale of 471 Warsaw reimburse the Southwest Rapid Transit Corridor – Phase 1 project's capital account.

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

Report "A" – Executive Policy Committee – March 17, 2010

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 17, 2010, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

ISSUE: **To obtain Council approval for the Proposed Expropriation Settlements for 470 and 471 Warsaw Avenue (Canada One Travel) required for the Southwest Rapid Transit Corridor Project – Phase 1.**

Critical Path: **Executive Policy Committee**
Council

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Klassen	D. Joshi	M Ruta	G Laubenstein

RECOMMENDATIONS

1. That the proposed expropriation settlement for 470 Warsaw Avenue and proposed expropriation settlement and acquisition of the remaining property for 471 Warsaw Avenue be approved at the all-inclusive negotiated settlement price of $2,580,000.00.

2. Subject to Recommendation No. 1, that the property be declared surplus to the needs of the City and be made available for sale.

3. Subject to Recommendation No. 2 that the net sale proceeds from the proposed sale of 471 Warsaw reimburse the Southwest Rapid Transit Corridor – Phase 1 project's capital account.

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

IMPLICATIONS OF THE RECOMMENDATIONS

- There are no regulatory, environmental or human resource implications associated with this report.

- By settling the two expropriations at this time and at the proposed negotiated settlement price of $2.58 million, the City's potential exposure to compensation and additional ancillary costs in excess of the amount proposed is eliminated.

- Adequate funding exists for the proposed negotiated settlement.

HISTORY

The owner of Canada One Travel originally purchased 471 Warsaw Avenue in 2001 to operate his travel agency business. By 2006, the owner's travel agency had expanded to the point that 471 Warsaw Avenue could no longer accommodate his expanding business. At that time the owner had a choice to either relocate to a new building or purchase 470 Warsaw Avenue, which was available for sale and located directly across the street from his present location.

On March 25, 2009, Council confirmed Expropriation By-law No. 180/2008, to acquire land for the purpose of construction of Stage 1 of the Southwest Rapid Transit Corridor.

The land requirements at these locations call for the total taking of 470 Warsaw Ave. and a partial taking at 471 Warsaw Ave. The partial taking at 471 Warsaw will result in the loss of 3 employee parking spaces.

The owner was advised of the land requirements and responded that the total taking of 470 Warsaw Ave. significantly impacts his business at both locations and will result in him having to relocate his travel agency business.

The building at 471 Warsaw Avenue is not large enough to accommodate his current staff complement (13 employees) working at 470 Warsaw Avenue. The operations at 470 and 471 Warsaw Avenue are interconnected and although the business is operating between two separate buildings the close proximity of the buildings (directly across the street) allows it to function as one business entity. Relocating the employees from 470 Warsaw Avenue to another location is not practical and would result in many functional and operational difficulties for his business.

The owner was required to vacate 470 Warsaw Avenue on July 1, 2009. The Owner relocated 11 of the employees from 470 Warsaw Ave to 471 Warsaw Ave. This resulted in employees having to share office space and equipment and two employees were required setup to work remotely. Since this time the two remote employees and one of the relocated employees have left Canada One Travel and now work for other travel agencies.

The total taking of 470 Warsaw Avenue resulted in a loss of 14 parking spaces used by the owner's staff. Also the owner had developed a "theatre" entertainment area at 470 Warsaw Avenue. The area was used to promote group and chartered vacation packages offered by the owner's travel agency. This portion of the owner's business has been lost since vacating 470 Warsaw Ave.

The Planning, Property and Development Department (the Department) inspected 471 Warsaw Avenue after the Owner had relocated his staff and operations to this building. It is apparent that the Owner has made every effort to maximize the workable office space of the building. However, the building is still over-crowded and does not allow the owner to conduct his business in a fashion that is similar to the period prior to the loss of 470 Warsaw Avenue. The Department is of the opinion the owner would have to relocate from 471 Warsaw Avenue to regain similar functionality of his business prior to the expropriations.

In September of 2009, the owner advised that he had purchased a new building and was preparing to start renovation in order to relocate his business as early as possible in 2010. At that time, the owner proposed global settlement in excess of $3.7 million for the proposed settlement of both the 470 and 471 Warsaw Avenue expropriations.

After numerous rounds of negotiations the Department and owner have agreed to a proposed all-inclusive settlement of $2.58 million.

The proposed settlement includes the City acquiring the building and remaining property at 471 Warsaw Avenue (property value supported by an independent appraisal); compensation settlement for property value at 470 Warsaw Avenue (property value supported by an independent appraisal); compensation for business disruption and loss; relocation costs; professional and consultant and legal fees; the owner would have an option to purchase a City owned property on Post Avenue at a market value to be determined by an independent appraisal and subject to being surplus to the City's needs; the owner would provide the City with Release and Quit Claim Agreements for both 470 and 471 Warsaw Avenue.

Details of 471 Warsaw Avenue are briefly described as follows:

Legal Description:	Lots 12 - 13 Plan 1234
Certificate of Title:	1826495
Registered Owner:	Andy Peng Cheng Ling
Realty Roll No.:	12097528500
Zoning:	"C2" – Commercial
Site Size:	591.23+/- m^2 (6364 sq, ft.)
Description:	Improved with a 2,576 sq. ft. masonry brick building office building. 5,152 sq. ft. of usable office area (main level and basement), in very good overall condition.

The Transit Department has advised that it is supportive of the total acquisition of 471 Warsaw Avenue. The acquisition of the property would allow for the enhancement of the current street design thus improving the overall design of the transit corridor. As well, the net sale proceeds from the sale of the remaining property would be used to reimburse the Southwest Rapid Transit Corridor – Phase 1 project's capital account.

In consideration of all the above the Department is of the opinion that settling the two expropriations at the proposed negotiated settlement price of $2.58 million, at this time is in the City's best interest and eliminates the City's potential exposure to compensation and additional ancillary costs in excess of the amount proposed in the future.

FINANCIAL IMPACT

Capital					
Capital Expenditures Required	$ 2,657,400	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	2,657,400	-	-	-	-
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	$ -	$ 164,440	$ 164,440	$ 164,440	$ 164,440
Less: Incremental Revenue/Recovery	77,400	-	-	-	-
Net Cost/(Benefit)	$ (77,400)	$ 164,440	$ 164,440	$ 164,440	$ 164,440
Less: Existing Budget Amounts	(77,400)	164,440	164,440	164,440	164,440
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital expenditures in 2010 consist of the $2.58 million settlement amount + short-term financing costs & admin fees of $77,400; the latter amount be recovered in Corporate Finance's current budget. Direct costs in 2011 onward represent debt & finance charges on the 2010 capital expenditure prorated for the City's share of the $138 million SWRT Corridor budget. These will be charged to the current budget of Winnipeg Transit.

"Original signed by"

Mike McGinn, CA - Mgr. of Finance, PPD
Carrie Erickson, CGA - A/Controller, Transit

CONSULTATION

In preparing this Report there was consultation with:

Transit Department

SUBMITTED BY

Department	Planning, Property and Development
Division	Real Estate
Prepared by	Stewart Anderson
Date:	February 9, 2010
File No.	31/119

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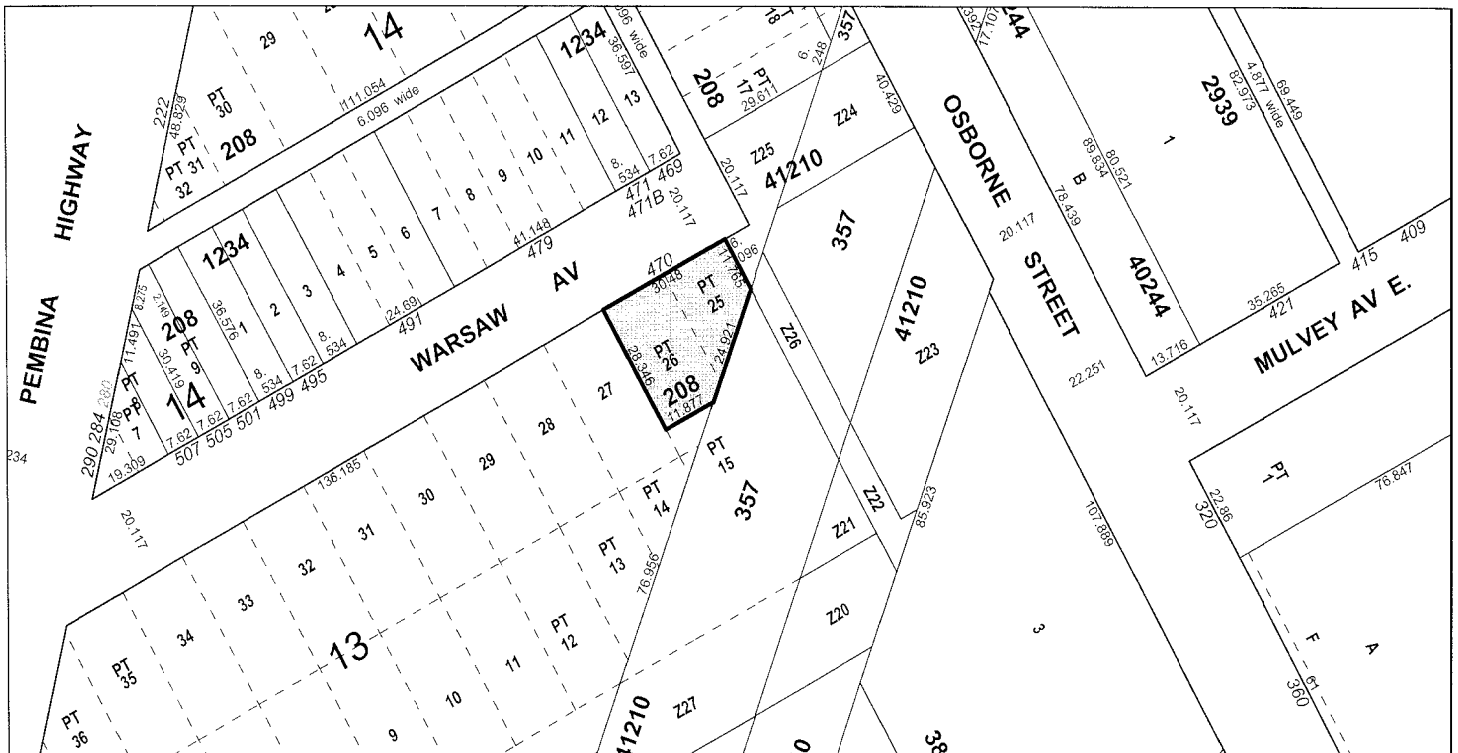

Date: 2003-AUG-13
District: CC
File: 31/119
Scale: 1:1000

NOTE:
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THE HOUSE COMPANY LIMITED

Proposed Acquisition
Area: ±710.4 m² (±7647.2 ft²)

METRIC

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CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES

MISC. PLAN NO. 11969