Minutes - Executive Policy Committee - April 23, 2003

Report - Standing Policy Committee on Property and Development - April 10, 2003

Minute No. 236
Item No. 3 Annual Review of Industrial Land Sales Price - St. Boniface Industrial Park
File FI-2.4(35) (Vol. 11)

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 price of $72,000.00 per acre (without trackage) and $76,000.00 per acre (with trackage) for the sale of sites in the St. Boniface Industrial Park for 2003 be approved, this price increase to be effective the date of approval.

2. That the existing prices for sites in the St. Boniface Industrial Park be honoured for reserved properties and any offers received prior to the date of approval of this price increase for up to a maximum of sixty (60) days.

3. 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.

Report - Standing Policy Committee on Property and Development - April 10, 2003

DECISION MAKING HISTORY:

Moved by Councillor Vandal,

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

Carried

STANDING COMMITTEE RECOMMENDATION:

On April 10, 2003, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submitted its recommendation to Executive Policy Committee and Council.

Re: Annual Review of Industrial Land Sales Price – St. Boniface Industrial Park

For submission to: **Standing Policy Committee on Property and Development**

Original report signed by: **Director of Planning, Property and Development**

Report date: March 27, 2003

Recommendation(s):

1. That the price of $72,000.00/acre (without trackage) and $76,000.00/acre (with trackage) for the sale of sites in the St. Boniface Industrial Park for 2003 be approved, this price increase to be effective the date of approval.

2. That the existing prices for sites in the St. Boniface Industrial Park be honoured for reserved properties and any offers received prior to the date of approval of this price increase for up to a maximum of 60 days.

REPORT SUMMARY

Key Issues:

- The Planning, Property and Development Department, Real Estate Division, is recommending a price increase of approximately 5.5% due to the diminishing supply of such land and the anticipated increase in demand by reason of the relocation of CNR's intermodal terminal to Symington Yards

Implications of the Recommendation(s):

General implications:

X	**None**
	For the organization overall and/or for other departments
	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment(s):

-

Policy implications:

	No
X	**Yes**

Comment(s):

- The approval of this recommendation will establish the City's policy relative to the price schedule as applicable to the sale of industrial property in the St. Boniface Industrial Park.

Environmental implications:

X	**No**
	Yes

Comment(s):

-

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):

- There are no direct financial implications associated with the recommendation of this report which are of a policy nature, i.e. establish a price for the sale of land in the City's St. Boniface Industrial Park.

REASON FOR THE REPORT:

By Order of Council dated July 16th, 1990, the selling price of the City's industrial park lands is to be reviewed once a year in January. This report is seeking the approval of Council to approve a price increase.

HISTORY:

The current price of lands in the St. Boniface Industrial Park on a per acre basis is (a) $68,000.00 per acre without trackage and (b) $72,000.00 per acre with trackage, which was adopted by Council on March 20, 2002.

DISCUSSION:

The Real Estate Division of the Planning Property and Development Department has completed an examination and analysis of industrial sales data, vacancy, rental rates and market trends of industrial use properties within the City of Winnipeg in order to estimate a competitive asking price for the St. Boniface Industrial Park lands for 2003. In particular, asking prices and availability of industrial lands within other industrial parks within the City of Winnipeg were

examined. This analysis indicated that Winnipeg's industrial market remained relatively stable through 2002. The Real Estate Division's examination and analysis of the industrial sector as well as independent marketing studies, suggests that the demand and market value for industrial use parcels within Winnipeg will remain relatively stable well into 2003.

During the previous year's review, it was estimated that sites within the St. Boniface Industrial Park could be competitively marketed at $68,000.00 to $75,000.00 per acre for sites without trackage and at $72,000.00 to $79,000.00 per acre for the sites having trackage. The Real Estate Division recommended that the sites be priced at the lower end of this value range for 2002, as that would still constitute a 10% increase in prices over 2001.

As market rates are anticipated to remain stable well into 2003, it is estimated that the mid-range of market value, i.e. $72,000.00/acre (without trackage) and $76,000.00/acre (with trackage) respectively, can be achieved during 2003. This recommended pricing policy would constitute an approximate 5.5 % increase over the prices that were set for 2002.

Although the recent review indicated that the overall industrial market will remain stable into 2003, the suggested pricing policy for the St. Boniface Industrial Park will still enable the Park to remain in an excellent competitive position comparable to the other industrial parks, e.g. Inksbrook, Fort Garry and Murray Industrial.

Demand for sites within the St. Boniface Industrial Park should increase as the other industrial parks become saturated and further due to the relocation of the CNR intermodal terminal in close proximity to the St. Boniface Industrial Park. This is anticipated to create increased demand for sites within the Park.

The St. Boniface Industrial Park recorded strong performance during 2002 in comparison to the sales activity of the other industrial parks within the City.

A majority of the Industrial Parks in the City of Winnipeg are marketed on a build-to-suit strategy, leaving St. Boniface Industrial Park as a resource for purchaser's wanting to develop their own industrial lots.

The City will be in a position to recover additional sales revenue to be applied towards the future servicing of the currently unserviced areas within the St. Boniface Industrial Park

For these reasons the Real Estate Division is recommending the land sales price policy for St. Boniface Industrial Park for the year 2003 be set as follows:

<u>Sites without trackage</u>:

proposed increase from $68,000 to $72,000.00 per acre (5.9% increase)

<u>Sites with trackage</u>:

proposed increase from $72,000.00 to $76,000.00 per acre (5.5% increase)

Financial Impact Statement

Date: March 27, 2003

Project Name:

Annual Review of Industrial Land Sales Price - St. Boniface Industrial Park

First Year of Program 2003

	2003	2004	2005	2006	2007
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	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

The recommended increases in sales prices are expected to have a positive impact on future revenues. The projected increase in gross sales that will materialize has not been forecasted.

Gord Courage, Manager
Support Services Division

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

No consultation was required.

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Real Estate
Prepared by: Susan Gifford
PPD File #: 4225-10-B-1

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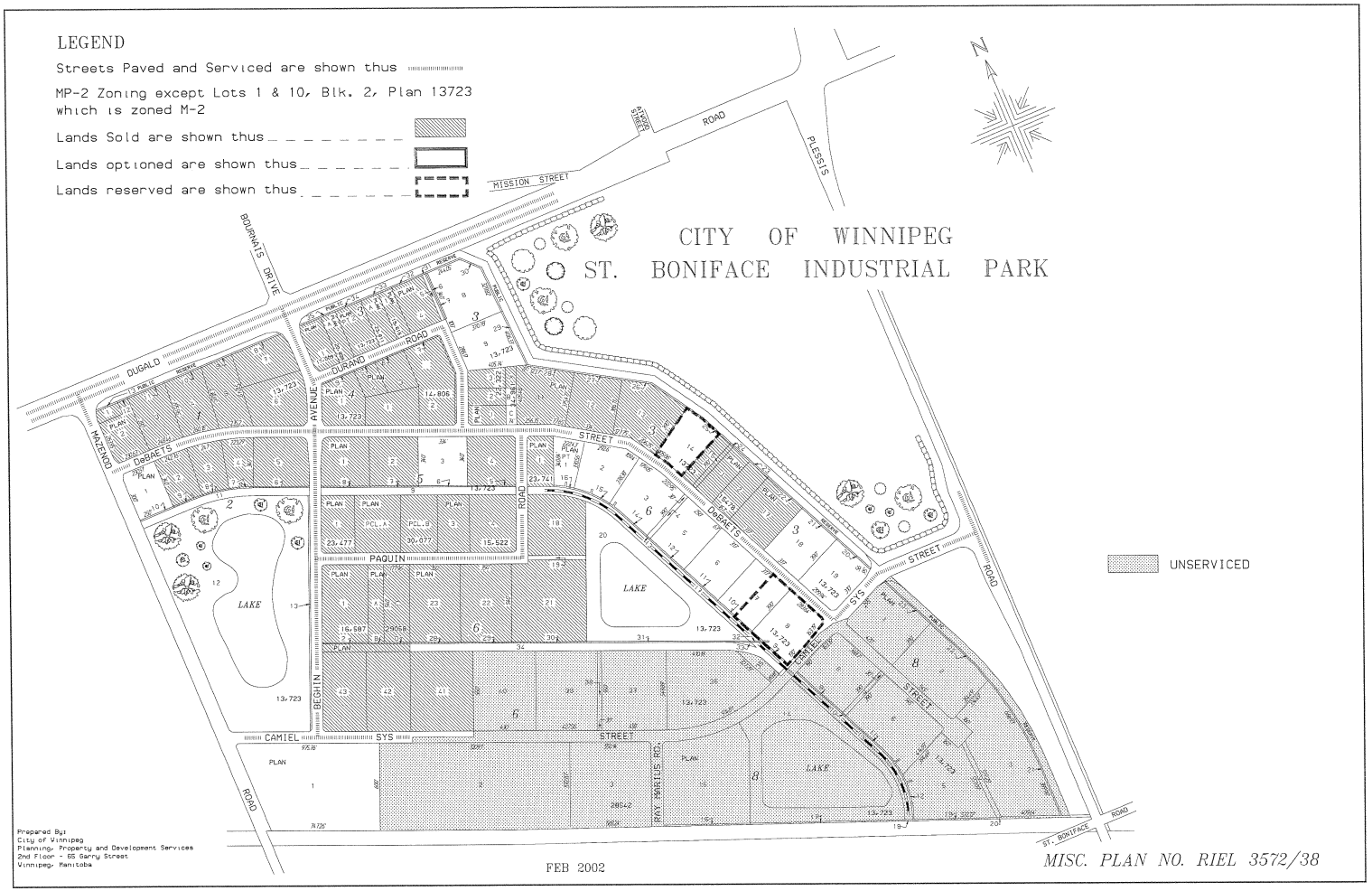
LEGEND
Streets Paved and Serviced are shown thus
MP-2 Zoning except Lots 1 & 10, Blk. 2, Plan 13723 which is zoned M-2
Lands Sold are shown thus
Lands optioned are shown thus
Lands reserved are shown thus
CITY OF WINNIPEG
ST. BONIFACE INDUSTRIAL PARK
UNSERVICED
MISSION STREET
PLESSIS ROAD
BOURNAIS DRIVE
DUGALD
MAZENOD
DeBAETS
DURAND ROAD
AVENUE
BEGHIN
PAQUIN
STREET
CAMIEL
SYS
RAY MARIUS RD.
ST. BONIFACE ROAD
LAKE
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