Minute No. 479
Report - Standing Policy Committee on Property and Development - June 5, 2003

Item No. 2 **Proposal to declare the City-owned property at 289-289½ Garry Street surplus to City requirements - Proposal to add this Property to the City/CentreVenture Asset Agreement**
File EP-1.2.3

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Property and Development and adopted the following:

1. That the City-owned property known as 289-289½ Garry Street and identified as "subject City property" on Misc. Plan No. 11867 be declared surplus to the City's needs.

2. That the subject property be added to Category "A" of the CentreVenture Asset Agreement.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing, including the execution of any documents related thereto.

Report - Standing Policy Committee on Property and Development - June 5, 2003

DECISION MAKING HISTORY:

Moved by Councillor Vandal,

That the recommendation of the Standing Policy Committee on Property and Development be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 18, 2003, 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 June 5, 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: Proposal to Declare the City-owned Property at 289-289½ Garry Street Surplus to City Requirements and Proposal to Add This Property to the City/CentreVenture Asset Agreement
City Centre Community
Fort Rouge Ward

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

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

Report date: **May 26, 2003**

Recommendation(s):

1. That the City-owned property known as 289-289½ Garry Street and identified as "subject City property" on Misc. Plan No. 11867 be declared surplus to the City's needs;
2. Subject to approval of Recommendation No. 1, that the subject property be added to Category "A" of the CentreVenture Asset Agreement.
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:

- At its meeting held on December 18, 1979, the former Committee on Finance approved the purchase of the property known as No. 289/289½ Garry Street shown on the attached Misc. Plan No. 11867 for a future exit from the Winnipeg Square Parking Garage at an amount of $150,000.00.
- On June 19, 1984, the former Committee on Finance approved a lease of the main floor of the building to the adjoining owner, A&M Furniture Rental and Sales Ltd. The lease continues on a month to month basis.
- On October 8, 2002 CentreVenture Development Corporation enquired of the Planning, Property and Development Department as to whether the subject property could be declared surplus and added to the "Asset Agreement" list of properties. The subject property is within their mandated area.
- The Civic Accommodations Division and the Parking Administration Branch both advised that they do not have a need to retain the subject property nor were any other civic needs identified.
- On December 10, 2002, the City Centre Community Committee advised that they had no objection to the property being added to the Asset Agreement.
- Should CentreVenture exercise its option, it will receive the property subject to an assignment of the current lease and existing terms and conditions, and they will receive the land and building in an "as is" condition**.**

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:

X	No
	Yes

Comment(s):

-

Environmental implications:

X	No
	Yes

Comment(s):

- **The subject is not listed on the Manitoba Environmental Impacted Sites List. The Real Estate Division has not carried out an Environmental Site Assessment. Centre Venture will need to accept this property in its "as-is" condition.**

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):

-

REASON FOR THE REPORT:

On October 8, 2002 CentreVenture Development Corporation enquired of the Planning, Property and Development Department as to whether the subject property could be declared surplus and added to the "Asset Agreement" list of properties. The subject property is within CentreVenture's mandated area.

Pursuant to Section 3.05(a) of the Asset Agreement, "The City covenants and agrees to provide in writing without delay: (a) revised Schedules "A" through "D" inclusive whenever there is a change to the contents of such Schedules, or any one of them. Subject to Council declaring this property surplus to the City's requirements, the property can be added to the CentreVenture Asset Agreement.

HISTORY:

At its meeting held on December 18, 1979, the former Committee on Finance approved the purchase of the property known as No. 289/289½ Garry Street shown on the attached Misc. Plan No. 11867 for a future exit from the Winnipeg Square Parking Garage at an amount of $150,000.00. The subject property falls under the jurisdiction of the Civic Accommodations Division of the Planning, Property and Development Department.

Location:	East side of Garry Street between Portage and Graham Avenues
Legal Description:	Lot 67, Plan 24135, RL 1, Parish of St. John
Lot Size:	255.7 sq. m. (2752.1 sq. ft.)
Certificate of Title:	1124417
Roll Number:	12-093126000
Total Assessment (2003):	$79,500.00
Zoning:	RCNRCBR7PL1S3PL
Servicing:	All typical services are available
Building Area:	± 6,700.00 sq. ft. or 622.43 sq. m.
Description:	The building consists of a three storey, masonry office building constructed in 1906. The building has a full concrete basement and a built-up flat roof. In 1994 an internal engineering report concluded that the building was considered structurally sound however, approximately $215,000 worth of work would need to be expended on the building to repair the roof, mechanical components and other upgrades including fees and a contingency. The cost of repair as of today's date would most likely be in the range of $247,000.

On June 19, 1984, the former Committee on Finance approved a lease of the main floor of the building to the adjoining owner, A&M Furniture Rental and Sales Ltd., for the storage of furniture. This Lessee continues to lease this space on a month-to-month basis at a rental rate of $262.50 per month plus G.S.T.

The Public Works Department utilize the second floor of the subject property for the storage of radio equipment.

DISCUSSION:

On October 22, 2002 the property was circularized in the usual manner and the Civic Accommodations Division and the Parking Administration Branch both advised that they do not have a need to retain the subject property.

The Public Works Department utilize a portion of the subject property for the storage of radio equipment. They have advised that they can move this equipment out upon short notice.

No other civic need was identified nor are any easements required.

At it's meeting held on December 10, 2002, the City Centre Community Committee advised that it had no objection to 289-289½ Garry Street being declared surplus and added to the "Asset Agreement" list of properties for CentreVenture Development Corporation.

Should Council concur with the Department recommendation, the subject property will be added to the Asset Agreement under Category A pursuant to Article 1 – 1.01(a) wherein it defines Category "A" Lands as follows:

> "means the properties described as such on Schedule "A" hereto and are properties owned by the City which have been declared Surplus and include such properties as may be so designated in writing in the future by the City**."**

CentreVenture would have an Option to Purchase the subject property for $1.00 pursuant to Article 3 – 3.02 of the Asset Agreement wherein it defines purchase price (in part) as follows:

> "For each Purchased Property, other than as herein provided, the purchase price payable by CentreVenture to the City shall be one ($1.00) dollar**….."**

It should be noted that in the event that CentreVenture exercises its Option to Purchase the property for $1.00, the City will neither recapture any portion of the $150,000.00 expended to acquire the subject property, nor will the Department continue to receive the $3,360.00 annual rental revenue for the lease of the main floor.

However, a sale of the property as a result of CentreVenture exercising its Option will:

- cause the property to be reinstated on the active realty tax roll;
- remove the City's responsibility for on-going maintenance of the subject property;
- provide an additional opportunity for redevelopment and enhancement and rejuvenation of Winnipeg's downtown.

In exercising its Option to Purchase the subject property, CentreVenture will receive title to the property subject to the following conditions:

- assumption of an assignment of the current lease to A&M Furniture;
- receipt of the land and building in an "as is" condition;
- acceptance of title subject to all encumbrances currently on title, including 6 party wall caveats with each adjacent building (297 and 291 Garry Street).

Financial Impact Statement

Date: May 26, 2003

Project Name:

First Year of Program 2003

Proposal to Declare 289-289 1/2 Garry Street Surplus to City Requirements and Proposal to Add This Property to the City/CentreVenture Asset Agreement

	2003	2004	2005	2006	2007
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	767	1,534	1,534	1,534	1,534
Net Cost/(Benefit)	$ (767)	$ (1,534)	$ (1,534)	$ (1,534)	$ (1,534)
Less: Existing Budget Amounts	767	(1,534)	(1,534)	(1,534)	(1,534)
Net Budget Adjustment Required					

Additional Comments:

Should Council adopt the said recommendation, the aforementioned is an indication of the proceeds of the Municipal realty taxes the City would receive should CentreVenture exercise their option to purchase the subject property as of the date of this report. In the year 2003 the estimated municipal component of realty tax receipts is estimated at $767 for a six month period. Recoveries of $1,534 in years through 2004 through 2007 represents Municipal realty taxes the City would receive and assumes no increases in the assessed value of the subject property nor any change to the current Municipal Mill Rate. All of the above figures are based upon 2002 mill rates. Annual cost savings to the City resulting from not having to maintain the property have not been taken into account.

"Original signed by"
Gord Courage, Manager
Support Services Division

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

In preparing this report, the Civic Accommodations Division, the Parking Administration Branch and the Public Works Department were consulted**.**

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Real Estate
Prepared by: Joedi Pruden
PPD File #: 4216/21 & 8145 III

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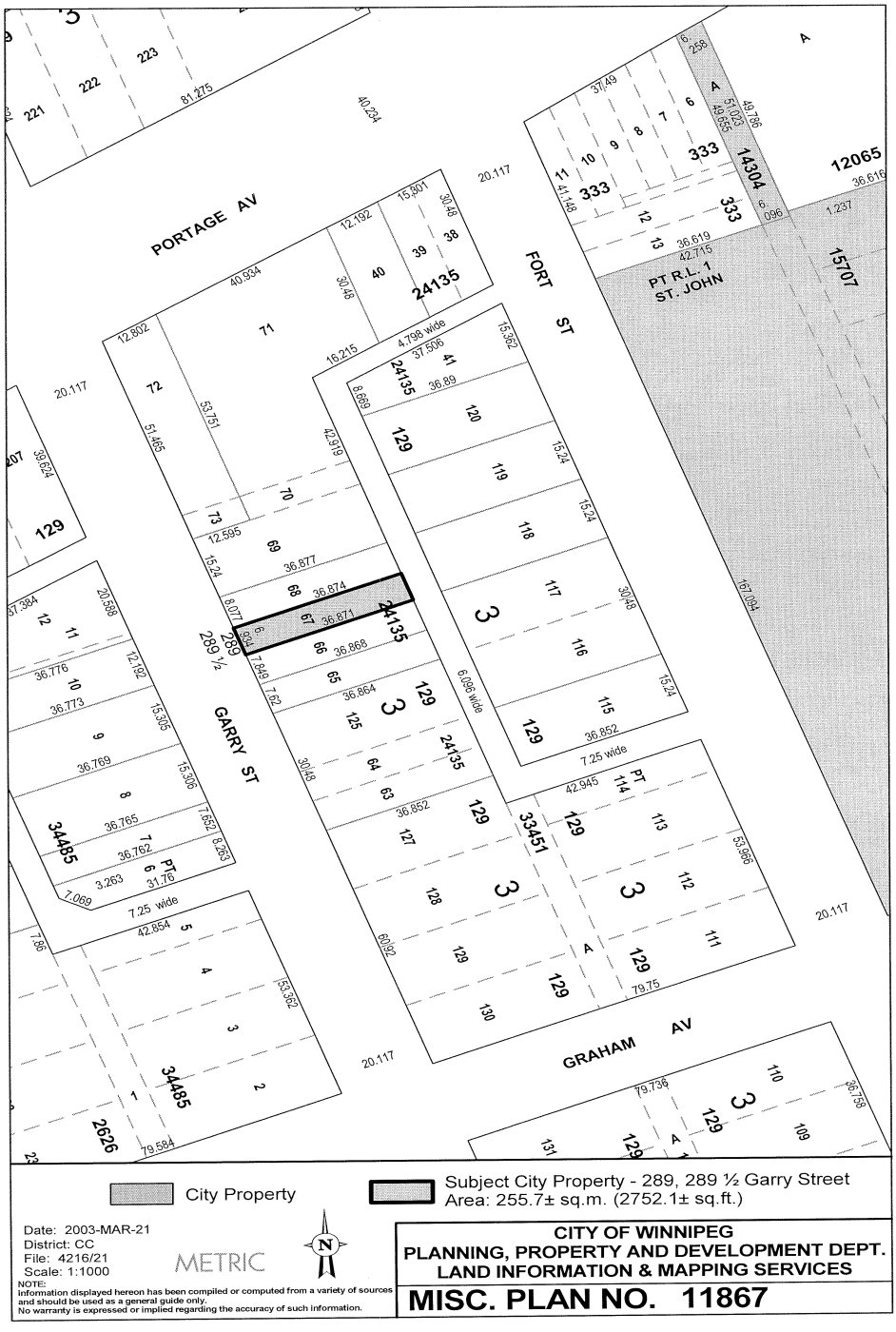
PORTAGE AV
FORT ST
GARRY ST
GRAHAM AV
PT R.L. 1
ST. JOHN
City Property
Subject City Property - 289, 289 ½ Garry Street
Area: 255.7± sq.m. (2752.1± sq.ft.)
Date: 2003-MAR-21
District: CC
File: 4216/21
Scale: 1:1000
METRIC
NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only.
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CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 11867