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

Minute No. 307
Item No. 4 **Sale of Surplus City Property - north side of Wilkes Avenue, east of Kenaston Boulevard - Delegation of Authority to Chief Administrative Officer to Approve Sale**
File FI-2.4

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 Chief Administrative Officer be delegated the authority to accept an Offer to Purchase that is in accordance with the City's proposed terms and conditions and where the offered price is not less than as proposed in the attached administrative report dated June 20, 2003, during the Council Prorogue Period (July 25 to September 1, 2003).

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

Minutes - Executive Policy Committee - July 16, 2003

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

DECISION MAKING HISTORY:

Moved by Councillor Vandal,
That the recommendation of the Standing Policy Committee on Property and Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On July 10, 2003, the Standing Policy Committee on Property and Development concurred in the administrative recommendation as amended, namely:

- Add the words “during the Council Prorogue Period (July 25 to September 1, 2003)” at the end of the first recommendation,

and submitted the matter to Executive Policy Committee and Council.

Re: Proposed Marketing and Sale of Surplus City-owned Property on North Side of Wilkes Avenue - East of Kenaston Blvd.
Assiniboia Community
Charleswood-Tuxedo Ward

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

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

Report date: June 20, 2003

Recommendation(s):

1. That the Chief Administrative Officer be delegated the authority to accept an Offer to Purchase that is in accordance with the City's proposed terms and conditions and where the offered price is not less than as proposed herein.

2. 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 December 17, 1997, Council adopted the recommendation of the Standing Policy Committee on Property and Development declaring the "subject City property" as shown on Misc. Plan No. 9547/13 to be surplus to the City's requirements.

- There has been considerable interest in the subject property over the last several years

- The Planning, Property and Development Department is of the opinion, that given the substantial interest in this property, it would be most appropriate to make this property available by means of a "public offering". As such, the Department is by this report seeking pre-approval to the terms and conditions of sale and proposed pricing and payment of commission, all as discussed within this report.

- The Planning, Property and Development Department is also recommending that Council delegate the authority to the Chief Administrative Officer to accept an Offer to Purchase received in accordance with the City's terms and conditions and proposed pricing.

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 Real Estate Division has not conducted an Environmental Site Assessment of the subject property. A Purchaser will have the ability to conduct and ESA pursuant to the proposed terms of sale.

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:

In accordance with City Policy, the Standing Policy Committee on Property and Development shall finalize all sales, including terms and conditions, for which the Director of the Planning, Property and Development Department has no authority. By this Report, the Department is seeking the consideration of the Committee to proceed with a "public offering" of the property.

HISTORY:

On December 17, 1997 Council adopted the recommendation of the Standing Policy Committee on Property and Development declaring the "subject City property" as shown on Misc. Plan No. 9547/13 to be surplus to the City's requirements.

Prior to June 1999, the subject City property had been part of a larger site. On June 3, 1999 the Standing Policy Committee on Property and Development approved the sale of the easterly part (4.132 acres – Parcels C/F Plan 38447) to the Khartum Shrine Temple for the price of $100,000.00, with the Khartum Temple being responsible for the payment of outstanding local improvement charges, trunk service rate charges and the cost of services to be installed along Wilkes Avenue in the future. This sale has since "closed" and a meeting hall has been constructed on the site.

Details of the remaining surplus City-owned property is as follows:

Location:	North side of Wilkes Avenue between the Khartum Shrine Temple at 1155 Wilkes Avenue and The Golf Dome at 1205 Wilkes Avenue
Roll Number:	12-070060600
Assessed Value:	$101,000 (2003 assessment)
Legal Description:	Parcels A & B Plan 38447
Description:	Shown as "Subject City Property" on Misc. Plan No. 9547/13
Site Size:	Irregular 2.324 acres
Zoning:	M-2 Industrial District
Certificate of Title:	1725489

Previous Sale of the Subject Property

On June 19, 2002 Council adopted the May 27, 2002 recommendation of the Standing Policy Committee on Property and Development approving an exchange of lands with Glasgow Autobody in which the subject City property as shown on Misc. Plan No. 9547/13 was exchanged for property needed by the City at 421 Glasgow Ave.

On July 15, 2002 the City was advised that Glasgow Autobody subsequently acquired a property on McMillan Avenue and that they would not be proceeding with the land exchange.

DISCUSSION:

This site is difficult to deal with given its servicing complications.

Servicing Issues

a) The site is currently serviced with wastewater sewer and a watermain. There are outstanding local improvements as applicable to the wastewater sewer that need to be paid off.

b) The land drainage for the site is temporarily connected to the retention pond to the east. There is a requirement for the site land drainage to be connected to the land drainage system when it is extended from Kenaston Blvd. to the west. The timing of this is unknown at this time. The issue of recovery of oversizing sewer line costs will be dealt with at the time they are installed. The owner of this property will be required to pay a pro-rated share of this cost.

c) Wilkes Avenue paving renewal and improvements will be constructed in the future. The timing is unknown at this time. The owner of this property will be required to pay a pro-rated share of this cost.

d) There is a Trunk Service Rate (TSR) charge that needs to be applied to this site. As in the sale to the Khartum Shrine Temple, the Department is proposing that the TSR charges be paid up front as part of the initial purchase price.

The Department has now established terms and conditions for the sale of this site, which deals with the current and future servicing issues (please see Clause 12 of the attached Offer to Purchase). The price established for the site will include the payment of TSR charges up front. The Purchaser will be responsible for the payment of the existing wastewater sewer local improvements in the amount of $962.26 to be paid annually through the year 2015. On this basis, the proposed purchase price has been established at $82,500.00, with a purchaser being required to post a "letter of credit" for the future servicing costs ($ 90,000.00 based on 2002 construction costs) which includes a pro-rata share of the costs of oversizing the land drainage pipes to service the subject property as well as the costs of the future servicing improvements to be installed on Wilkes Avenue.

Except for the requirement for the "Letter of Credit" (which is a new requirement of the Land Development Branch for application in this instance), the proposed terms and conditions, including pricing, are consistent with the prior sale of the adjacent property to the Khartum Shrine Temple.

Proposed Terms and Conditions for the Sale of the Subject Property

The Planning, Property and Development Department is of the opinion, that given the substantial interest in this property, it would be appropriate to make this property available by means of a "public offering".

The Department proposes that the land be offered to the public at large by way of a Public Invitation for Offers.

The Department is attaching herein:

- a draft of the sample "Offer to Purchase" form that it intends on using for the sale of this property. The terms, which are generally consistent with similar agreements used by the City, require that the Purchaser be responsible for all costs related to development and servicing of the property (i.e. land drainage sewer oversizing, and Wilkes Avenue improvements consisting of concrete pavement, sidewalks, boulevard, ornamental lighting and land drainage laterals). The servicing and future servicing costs are in the range of $90,000.00 based on 2002 construction rates. These costs will need to be guaranteed with a letter of credit.
- a copy of the Misc. Plan No.9547/13.
- instructions to the prospective purchasers.

Payment of Real Estate Commissions

The Planning, Property and Development Department is recommending that commissions be paid to registered Real Estate Agents or Firms that submit an Offer to Purchase, which Offer is then accepted and ultimately closes.

For the information of the Committee, the City has adopted a practice of paying a commission in the sale of industrial, commercial, and investment properties. The commission rate payable would be in accordance with Policy as approved by Council on July 16, 1980, at 5% on the total sale price to $100,000.00 with the commission to be payable after the sale closes. The Department supports the participation of brokers in the selling process in order to maintain the cooperative working relationship that has been developed in recent years with the private sector brokers.

The Proposed Marketing Strategy and Sales Process

By this report the Real Estate Division is recommending that the authority be delegated to the Chief Administrative Officer to accept an Offer to Purchase that is received in accordance with the City's form and terms and conditions of sale, without variation, and where the offered price is not less that the proposed price. The Department anticipates that the CAO will then further delegate this authority to the Director of the Planning, Property and Development Department. In so doing, the processing of the sale will be expedited and will facilitate an early close of sale and transfer of land.

The Real Estate Division proposes that the property be offered for sale by way of a Public Invitation for Offers. This proposed marketing strategy to the general public would be comprehensive and include an informational package complete with an Offer to Purchase document that sets out the City's terms and conditions, as well as the price applicable.

Financial Administration and Proposed Pricing

The Department has established $82,500.00 (including Trunk Service Rate Charges) as the recommended price. The gross sale proceeds will be received by the Department and deposited in the Land Operating Reserve Account.

Financial Impact Statement Date: June 19, 2003

Proposed Marketing and Sale of Surplus City-owned Property on North Side of Wilkes Avenue East of Kenaston Boulvard

COMMENTS:

There are no financial implications arising out of the recommendations of this report. A future report dealing with a sale pursuant to the "public offering" process will advise as to the financial implications attributable to that particular transaction.

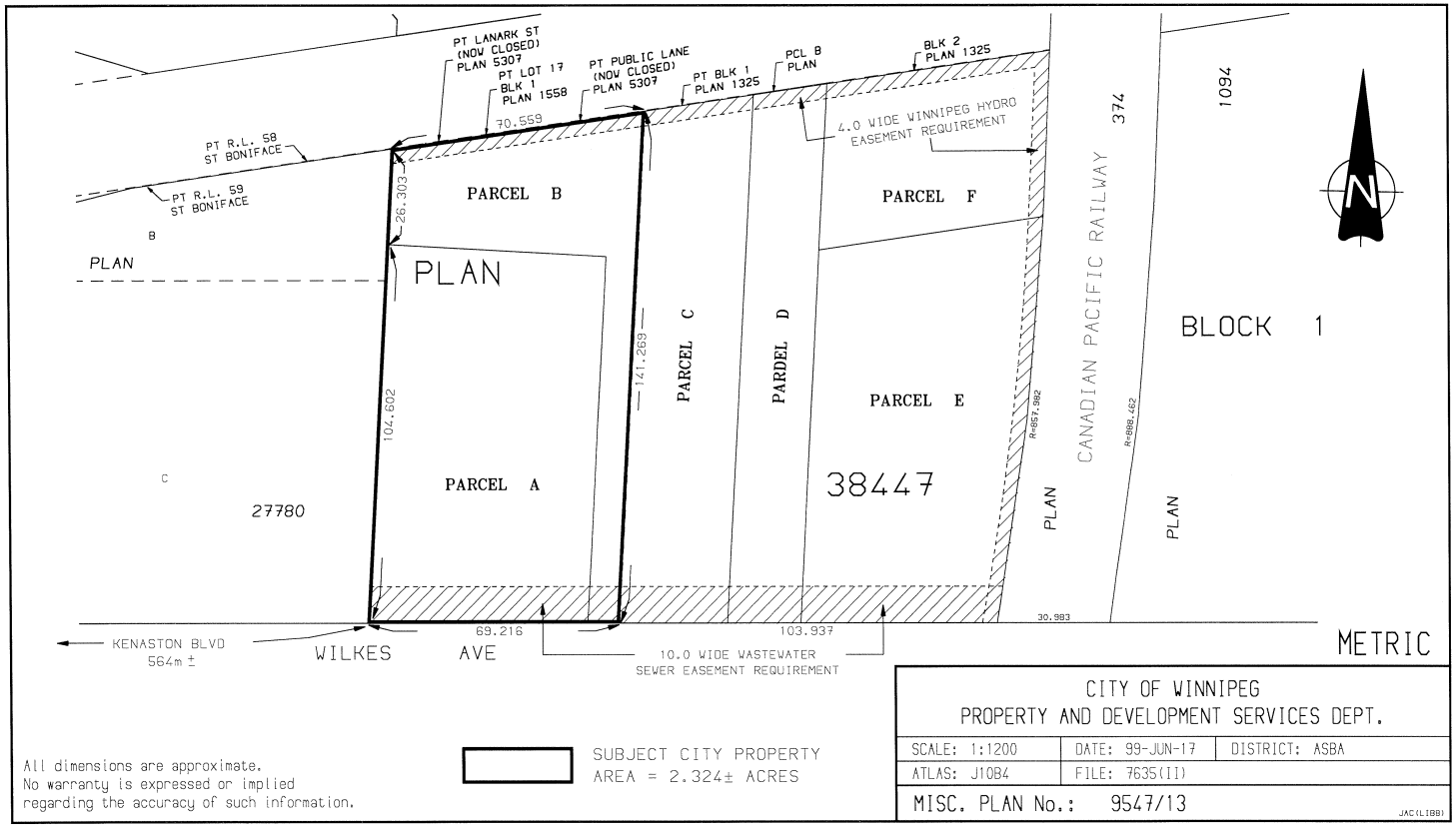
Gord Courage, Manager
Support Services Division

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: Gerry Anderson
PPD File #: 7635(IV)
Document name: o:\reports directive\real estate\sales\(ga)mark&salewilkesav.doc


PT LANARK ST (NOW CLOSED) PLAN 5307
PT LOT 17 BLK 1 PLAN 1558
PT PUBLIC LANE (NOW CLOSED) PLAN 5307
PT BLK 1 PLAN 1325
PCL B PLAN
BLK 2 PLAN 1325
70.559
PT R.L. 58 ST BONIFACE
PT R.L. 59 ST BONIFACE
4.0 WIDE WINNIPEG HYDRO EASEMENT REQUIREMENT
374
1094
26.303
PARCEL B
PARCEL F
PLAN
PLAN
CANADIAN PACIFIC RAILWAY
BLOCK 1
141.269
PARCEL C
PARDEL D
PARCEL E
104.602
R=857.982
R=888.462
PARCEL A
38447
27780
PLAN
PLAN
30.983
69.216
103.937
KENASTON BLVD 564m ±
WILKES AVE
10.0 WIDE WASTEWATER SEWER EASEMENT REQUIREMENT
METRIC
SUBJECT CITY PROPERTY AREA = 2.324± ACRES
All dimensions are approximate.
No warranty is expressed or implied regarding the accuracy of such information.
CITY OF WINNIPEG
PROPERTY AND DEVELOPMENT SERVICES DEPT.
SCALE: 1:1200
DATE: 99-JUN-17
DISTRICT: ASBA
ATLAS: J10B4
FILE: 7635(II)
MISC. PLAN No.: 9547/13
JAC(LIBB)

File No: 7635 III

INDUSTRIAL/COMMERCIAL

OFFER TO PURCHASE

The Undersigned (hereinafter called "the Purchaser") hereby offers to purchase from The City of Winnipeg (the "City") the following lands: -

Parcels A & B Plan 38447 shown as Subject City Property on Misc. Plan No. 9547/13.

(hereinafter called the "lands")

for the sum of $82,500.00 cash, and upon the following terms and conditions:

1. (1) Attached to this Offer is the Purchaser's certified cheque payable to "The City of Winnipeg" in the amount of $12,375.00, and represents an amount equal to fifteen (15%) percent of the purchase price which the Purchaser tenders by way of deposit, and which sum shall be applied to the purchase price if the sale is approved by the City's Standing Policy Committee on Property and Development and/or City Council (in the event that Council approval is required). The Purchaser agrees to pay the balance of the purchase price, interest and adjustments on or before the date of closing.

(2) If the Purchaser fails to pay the balance of the purchase monies, interest and adjustments on or before the date of closing as in sub-clause (1) above provided, the City may, at its option, cancel the sale and retain the deposit as liquidated damages.

2. (1) The date of Closing, Possession and adjustments shall be on or before 120 days from the date of approval of the sale.

(2) The Purchaser agrees to pay as an adjustment an amount equal to the total of such taxes, rates and charges which would have been levied or charged against the Lands as though the Lands had been entered on the assessment rolls of the City as privately owned and subject to taxation, which adjustment shall be calculated from the date of adjustments to and including the last day of the current taxation year.

(3) The Purchaser shall pay interest in lawful money of Canada on all monies remaining outstanding and payable to the City as of the date of adjustments, which interest shall be calculated at the rate per annum equivalent to the prime lending rate in force by the City's Banker at the date of adjustments plus one (1%) percent, computed from the date of adjustments to and including the date all such monies and interest as aforesaid have been fully paid to the City.

3. Goods and Services Tax

(1) The Purchaser agrees to pay to the City all Goods and Services Tax applicable on the sale of the Lands or, if the Purchaser is a registrant under the Goods and Services legislation, the Purchaser shall advise the City in writing of its registration number The Goods and Services Tax is to be paid or the registration number provided to the City on or before the date of closing.

(2) If the Purchaser fails to pay the Goods and Services Tax or fails to provide its registration number as prescribed in sub-clause (1) of this Clause, the Purchaser agrees that all of the Purchaser's rights and interests in respect of the Lands shall, at the City's sole discretion, be fully ended without notice or any formality and all monies paid to the City by the Purchaser shall be retained by the City free from every claim.

4. The Purchaser will obtain possession of the Lands at the Purchaser's own expense.

5. The Purchaser will accept Title to the Lands subject to all exceptions, reservations and encumbrances expressed or implied in the City's Title.

6. The sale of the Lands to the Purchaser shall be subject to the provisions of the By-laws of the City of Winnipeg and all amendments thereto.

7. The Purchaser agrees that the City may register and maintain a caveat against the Lands to ensure the performance of the covenants on the part of the Purchaser herein

set forth, and the Purchaser agrees to grant and does hereby grant to the City an interest in the Lands according to the tenor of this Offer.

8. Upon closing of the sale, the Purchaser agrees to make application to the City Assessor (in form set out in Exhibit "A" attached) to have the Purchaser's name added to the Assessment Roll of the City as the Real Owner in respect of the lands.

9. The Purchaser agrees that in the event the Purchaser, at its sole cost, conducts or causes to be conducted an Environmental Site Assessment of the Lands, it shall

(1) ensure that all work done in connection with such Environmental Site Assessment is completed no later than ninety (90) days from the Date of Approval, and

(2) maintain the Lands in safe condition at all times during the conduct of any work done in pursuance of this Clause 9; and

(3) restore the Lands to the same condition as prior to its entering in or upon same in pursuance of this Clause 9; and

(4) indemnify and save harmless the City from and against all damages and claims arising out of or in any way attributable to the conduct of any such Environmental Site Assessment; and

(5) provide copies of any such Environmental Site Assessment of the said Lands to the City for its own use, at no cost to the City.

AND in the event it is determined as a result of said Environmental Site Assessment, that contamination levels exceed Provincial Environmental Standards for the intended use of the Lands and documentation to that effect is produced to the City within ninety (90) days following the Date of Approval, the City, at its sole option, shall be entitled to:

take remedial action to bring the contamination levels to within the Provincial Environmental Standards;

OR

cancel the sale and return all monies paid in respect of the proposed sale by the Purchaser to that date, PROVIDED that the Applicant shall have first satisfied all conditions of this Clause 9.

AND FURTHER if the City has not been advised of any non-compliance of the lands to Provincial Environmental standards within 90 days from the Date of Approval, the Purchaser agrees to complete its purchase as herein contemplated and to indemnify the City against any and all claims arising from or in any way connected with the existence of contaminants of any kind at the Lands.

10. Easements:

(1) The Purchaser agrees that the sale of the Lands shall be subject to any easement which may be required by a public utility, including, but not limited to the Manitoba Hydro, Manitoba Telephone System, Centra Gas, or The City of Winnipeg, for the maintenance of existing and future facilities together with the right to enter upon the Lands at any time, with or without equipment for said purposes and subject to the owner covenanting not to erect or cause to be erected upon the easement area any building or structure without the prior written consent of the public utility or The City of Winnipeg requiring such easement.

(2) The Purchaser acknowledges that there is a 4 meter wide easement on the rear of the property for Manitoba Hydro and a 10 meter wide easement on the front of the subject property for both waste water and land drainage sewer as shown on Misc. Plan No. 9547/13. Other utilities easements will be as required to service the property.

(3) The Purchaser to enter into agreements satisfactory to the said utilities or the City of Winnipeg.

(4) The Purchaser acknowledges that the City may grant the easements before the Transfer of Land issues.

11. The Purchaser acknowledges and agrees that notwithstanding any other terms, conditions or provisions in this agreement that:

(1) the City has given no representations or warranties with respect to the Lands or with respect to the value thereof or with respect to the Purchaser's intended uses or development or redevelopment thereof or with respect to the environmental condition of the Lands;

(2) the Purchaser has inspected or investigated the Lands, the title thereto, the Permitted Encumbrances, any tenancies and all other matters material to the Purchase and the proposed use of the Lands and that it is relying solely upon its own independent inquiries and investigations and the advice of its own consultants and there are no representations, warranties, guarantees, conditions, collateral agreements, covenants and agreements except those expressly set forth herein;

(3) the Purchaser agrees that it is purchasing the Lands on an "as is", "where is" basis, and is purchasing the Lands based entirely on its own examinations without any representation by or on behalf of the City or any agent of the City. The Purchaser acknowledges that it has relied entirely upon its own inspection and investigation with respect to quantity, quality and value of the Lands;

(4) any information supplied to the Purchaser by the City or its agents or representatives is and was supplied without any representation or warranty, and that the responsibility for verification of any such information shall be the responsibility of the Purchaser; and

(5) the Lands are deemed to be taken by the Purchaser at the Purchaser's own risk with all faults and imperfections whatsoever. The Purchaser agrees with the City that the application of "Buyer Beware" shall apply to the offer in the strictest meaning.

12 Servicing:

a) The Purchaser is aware that the subject property is serviced with wastewater sewer and watermain located at the front of the property.The land drainage sewer is temporarily connected to the land drainage reservoir east of the subject property however, the Purchaser will be required to connect to the permanent land drainage system at such a time in the future as the permanent land dainage system has been constructed.

b) The Purchaser is aware that the sales price of the property includes payment of the Trunk Sewer Rate (TSR) as it applies to the subject City property. The Purchaser will be responsible to pay existing outstanding annual waste water sewer local improvement charges in the amount of $962.26 per year, which continues through the year 2015. The Purchaser will also be responsible for it's pro-rata share of the costs of any and all future improvements to Wilkes Avenue as well as any and all charges as may apply to the subject City property for future land drainage.The future servicing costs attributable to Wilkes Avenue improvements and land drainage as they apply to the subject City property are currently estimated to be approximately $90,000.00. The Purchaser is required to enter into a servicing agreement with the City for payment of these costs in the future and provide a letter of credit at the date of closing of the sale to ensure that the monies for these costs are available at the time the costs are incurred.

13. Time shall be of the essence of this Offer.

14. The Purchaser will not file any caveat or other encumbrance against the Lands before the transfer of the Lands to the Purchaser.

15. The word "Purchaser" shall have a plural meaning in the event that more than one party is making this offer, and the masculine shall mean the feminine or neuter as the case may be.

16. The Purchaser is hereby advised that soil conditions in Winnipeg are of the glacial till variety which are composed of Lacustrine Clays with Silt Intrusions. The Purchaser shall be responsible for any increased costs of development due to this random stratification.

17. The Purchaser acknowledges and agrees that sale of the Lands by the City is subject to the approval of City Council or its delegated authority.

18. The full, true and correct name of the Purchaser is as follows: -

_____

Name (Please Print) Address

Purchaser's Registration No. (G.S.T.)_____

IN WITNESS WHEREOF the Purchaser has signed this document in

_____, _____, this _____ day of _____2003

_____ _____

Witness Authorized Signature

_____

Name and Title of Authorized Signature (Please print)

_____ _____

Witness Authorized Signature

_____

Name and Title of Authorized Signature (Please print)

ACCEPTED this _____day of _____, A.D., 2003

THE CITY OF WINNIPEG

Per:_____

DIRECTOR

Planning,Property and Development Department

Approved:

_____

Planning Property and Development Department

Certified as to form:

_____

for City Solicitor/Manager of Legal Services

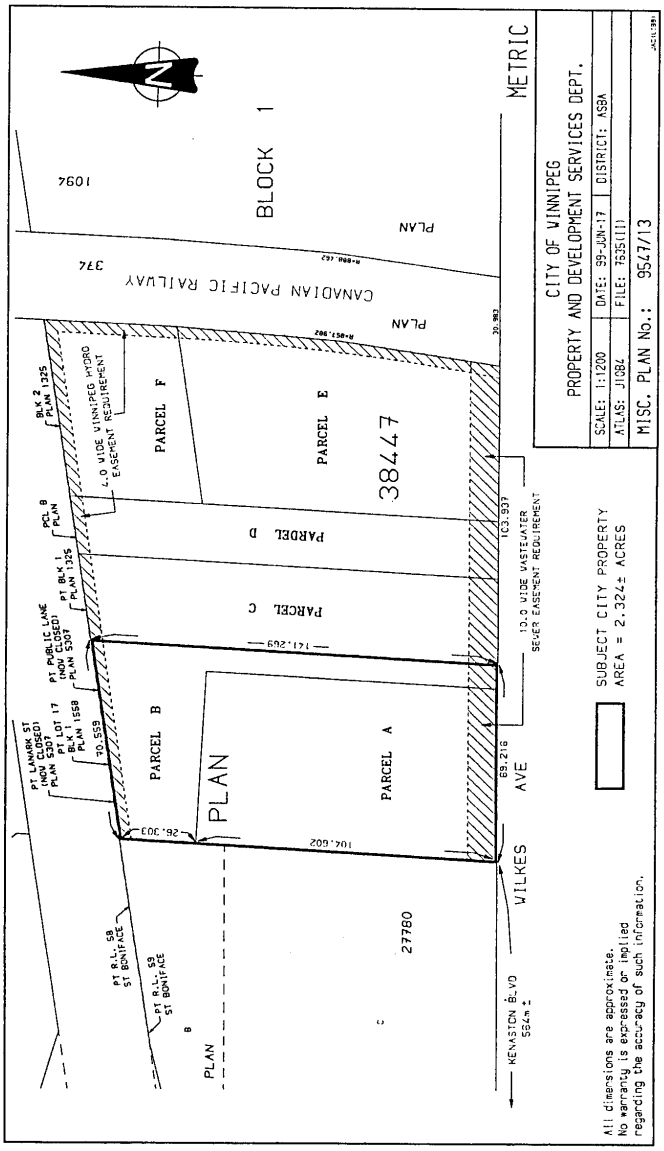

METRIC
CITY OF WINNIPEG
PROPERTY AND DEVELOPMENT SERVICES DEPT.
SCALE: 1:1200
DATE: 99-JUN-17
DISTRICT: ASBA
ATLAS: J10B4
FILE: 7535(11)
MISC. PLAN No.: 9547/13
BLOCK 1
PLAN
CANADIAN PACIFIC RAILWAY
PARCEL F
PARCEL E
PARCEL D
PARCEL C
PARCEL B
PARCEL A
38447
27780
4.0 WIDE WINNIPEG HYDRO EASEMENT REQUIREMENT
10.0 WIDE WASTEWATER SEWER EASEMENT REQUIREMENT
PT LANARK ST NOW CLOSED PLAN 5307
PT PUBLIC LANE (NOW CLOSED) PLAN 5307
PT LOT 17 BLK 1 PLAN 1558
PT BLK 1 PLAN 1325
BLK 2 PLAN 1325
PCL B PLAN
PT R.L. 58 ST BONIFACE
PT R.L. 59 ST BONIFACE
WILKES AVE
KENASTON BLVD
SUBJECT CITY PROPERTY
AREA = 2.324± ACRES
All dimensions are approximate.
No warranty is expressed or implied
regarding the accuracy of such information.

EXHIBIT "A"

Real Owner Application

To the City Assessor

(Name of Municipality) Roll No. _____

1. I/We _____
(Print Full Name)

request that my/our name(s) appear in the Assessment Roll of the City of Winnipeg in respect to the following property, pursuant to Section 12(1) of "The Municipal Assessment Act", Cap. M 226 S.M..

2. Description of Properties: (Give description of all property in respect of which you wish your name to appear).

Part of Lot or Section	Lot or Section	Block or Township	Range	Interest in Property

DRAFT

3. Mailing Address _____
4. Place of Residence _____
5. Name and Address of Registered Owner _____
(Print)

_____
(Print)

6. Description of building on property:

Dwellings _____

Other Buildings _____

7. Date of Purchase _____ 8. Purchase Price _____

Date: _____ 19 ___ _____
(Signature of Applicant)

Office of the City Assessor
The City of Winnipeg _____
(Signature of Registered Owner)