Agenda – Council – March 25, 2015

Report – Standing Policy Committee on Property and Development – March 10, 2015

Item No. 12 Proposed Sale of 212 Rue Dumoulin and the Associated Easement Requirement (St. Boniface Ward)

STANDING COMMITTEE RECOMMENDATION:

On March 18, 2015, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the following to Council:

1. That the October 4, 2011 decision of the Standing Policy Committee on Property and Development pertaining to the proposed sale of 212 Rue Dumoulin be rescinded.

2. That the sale of 212 Rue Dumoulin, identified as "Subject City Property" on the attached Misc. Plan No. 12063/14 to Entreprises Riel, or its Nominee, (herein after called "the Purchaser"), be approved at a price of $1.00 for redevelopment as a Youth Hostel, Fire Hall Museum, Office Space and Bistro Complex (hereinafter called *"complex"*).

3. That the authority be delegated to the Director of Planning, Property and Development to finalize the terms and conditions of sale that include the following provisions:

    A. That the Purchaser provide proof in writing to the City's Director of Planning, Property and Development that it has arranged suitable financing for the Complex and submits a comprehensive completed business plan inclusive of capital and on-going operating financing (hereinafter called *"business plan")* for the construction and on-going operation of the Complex for the approval of the City's Director of Planning, Property and Development by November 30, 2015.

    In the event the Purchaser does not provide the business plan and proof of financing by November 30, 2015, the sale shall become null and void and the City will be at liberty to deal with the Subject City Property as it deems appropriate.

    B. That the Purchaser acknowledges and agrees to be completely responsible for the repairs and/or replacement of the non-functioning boiler system located at 212 Dumoulin.

    C. That the Purchaser pay for all costs to open the public lane as shown on Misc. Plan No. 12063/14, including all capital and servicing costs.

Report - Standing Policy Committee on Property and Development – March 10, 2015

D. That the Purchaser pay for all costs to subdivide the City Property into Parcels A, B and C as identified on the attached Misc. Plan 12063/14. The Purchaser shall pay dedication (if any) related to the creation of Parcel A and rezoning fees if applicable.

E. Any additional terms and conditions that the Director of Planning, Property and Development and the City's Solicitor consider necessary to protect the interests of the City.

4. That subject to approval of Recommendation 2, the City Policy pertaining to the sale or lease of City lands to non-profit organizations (Council authority October 31, 1990), which requires that properties sold at less than market value revert back to the City at the conclusion of the economic life of the project, be waived in this instance.

5. That subject to approval of Recommendation 2, a permanent easement in favour of the Purchaser over the City Property identified as "Proposed Easement Area" on the attached Misc. Plan 12063/14, be approved in association with the proposed sale identified herein.

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

Agenda – Council – March 25, 2015

Report – Standing Policy Committee on Property and Development – March 10, 2015

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 18, 2015, 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 March 10, 2015, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service with the following amendment:

- Amend Recommendation 3.A. by deleting “June 30, 2015”, in both instances, and replace it with “November 30, 2015”.

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

On February 3, 2015, the Standing Policy Committee on Property and Development laid over the matter to its meeting on March 10, 2015.

ADMINISTRATIVE REPORT

Title: **Proposed Sale of 212 Rue Dumoulin and the Associated Easement Requirement**

Critical Path: **Standing Policy Committee on Property and Development**
Executive Policy Committee
Council

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Zabudney	M. Pittet	M. Ruta	M. Jack A/CAO

RECOMMENDATIONS

1. That the October 4, 2011 decision of the Standing Policy Committee on Property and Development pertaining to the proposed sale of 212 Rue Dumoulin be rescinded.

2. That the sale of 212 Rue Dumoulin, identified as "Subject City Property" on the attached Misc. Plan No. 12063/14 to Entreprises Riel, or its Nominee, (herein after called "the Purchaser"), be approved at a price of $1.00 for redevelopment as a Youth Hostel, Fire Hall Museum, Office Space and Bistro Complex (hereinafter called *"complex"*).

3. That the authority be delegated to the Director of Planning, Property and Development to finalize the terms and conditions of sale that include the following provisions:

   A. That the Purchaser provide proof in writing to the City's Director of Planning, Property and Development that it has arranged suitable financing for the Complex and submits a comprehensive completed business plan inclusive of capital and on-going operating financing (hereinafter called *"business plan")* for the construction and on-going operation of the Complex for the approval of the City's Director of Planning, Property and Development by June 30, 2015.

      In the event the Purchaser does not provide the business plan and proof of financing by June 30, 2015, the sale shall become null and void and the City will be at liberty to deal with the Subject City Property as it deems appropriate.

B. That the Purchaser acknowledges and agrees to be completely responsible for the repairs and/or replacement of the non-functioning boiler system located at 212 Dumoulin.

C. That the Purchaser pay for all costs to open the public lane as shown on Misc. Plan No. 12063/14, including all capital and servicing costs.

F. That the Purchaser pay for all costs to subdivide the City Property into Parcels A, B and C as identified on the attached Misc. Plan 12063/14. The Purchaser shall pay dedication (if any) related to the creation of Parcel A and rezoning fees if applicable.

G. Any additional terms and conditions that the Director of Planning, Property and Development and the City's Solicitor consider necessary to protect the interests of the City.

5. That subject to approval of Recommendation 2, the City Policy pertaining to the sale or lease of City lands to non-profit organizations (Council authority October 31, 1990), which requires that properties sold at less than market value revert back to the City at the conclusion of the economic life of the project, be waived in this instance.

5. That subject to approval of Recommendation 2, a permanent easement in favour of the Purchaser over the City Property identified as "Proposed Easement Area" on the attached Misc. Plan 12063/14, be approved in association with the proposed sale identified herein.

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

REASON FOR THE REPORT

- Standing Policy Committee on Property and Development approval is required to amend the terms of the sale of the Subject City Property.

- Council approval is required to enter into easements over City of Winnipeg property.

IMPLICATIONS OF THE RECOMMENDATIONS

- It is intended that the Director of Planning, Property and Development Department finalize the sale of the Subject City Property to the Purchaser for $1.00, in accordance with the City's terms and conditions of sale and those additional conditions deemed necessary to protect the interests of the City.

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

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

HISTORY

On October 24, 2007, Council declared the Subject City Property surplus.

An Expression of Interest (EOI) for the purchase and development of 212 Rue Dumoulin for conversion and/or potential expansion of the existing firehall building for Residential and/or Commercial Uses was developed and advertised, which closed on February 19, 2010.

At that time, two submissions were received. The first was from a Developer interested in purchasing the property for $165,000.00 for a redevelopment into six (6) condominiums. The second, from Enterprises Riel, offering $1.00 to redevelop the site into a fire hall museum, office space, a Café-bistro and a youth hostel. Both were short listed for further negotiations.

The submissions were evaluated on the basis of: (i) Heritage Component (ii) Cultural Component (iii) Proposed Use Component (iv) Neighbourhood Impact due to Proposed Use Component (v) Community Based Impact (vi) Financial Impact; by a committee selected from the Winnipeg Public Service. Based on the rating analysis schedule, the submission from Enterprises Riel received the highest rating.

An internal appraisal estimated the market value for the subject property "Parcel A" at $250,000.00

The Ward Councillor advised that he was supportive of the Enterprises Riel proposal citing it would bring together youth and arts groups, be open to the community at large and preserve the historical nature of the building.

On October 4, 2011, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service as amended, namely:

1. That the sale of 212 Rue Dumoulin, identified as "Subject Property – Parcel A" on the attached Misc. Plan No. 12063/8 to Entreprises Riel, be approved at a price of $1.00 for redevelopment as a multi-purpose facility for a youth hostel, fire hall museum, office space and bistro.

2. That authority be delegated to the Director of Planning, Property and Development to finalize the terms and conditions of sale that include the following provisions:

    A. That Entreprises Riel provide an acceptable business plan for implementation of the redevelopment plan; the business plan to be in place within six months of approval by the Standing Policy Committee on Property and Development; failing which the agreement to Sell to Entreprises Riel shall be withdrawn.

    B. That an agreement be negotiated between Entreprises Riel and the City of Winnipeg to equitably cost share the utilization, maintenance and repair/or eventual

replacement of the common boiler at 212 Rue Dumoulin with the tenants of 219 Provencher Boulevard, and Entreprises Riel be required to establish a Capital Reserve fund for the maintenance, repair and replacement of the boiler, as part of their business plan.

C. That Entreprises Riel pay for all costs to open the public lane including all capital and servicing costs.

D. Entreprises Riel to pay for the costs to subdivide the Subject Property Parcel A, including any dedication or rezoning fees, and any other terms and conditions that the Director of Planning, Property and Development and the City Solicitor/Director of Legal Services consider necessary to protect the interests of the City.

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

With respect to 2. A above, the Purchaser was granted an extension of time to complete their business plan to June 30, 2012 (which otherwise would have been due April 4, 2012).

On June 19, 2012, the Purchaser provided the Department with a draft business plan. This draft business plan estimated the projected costs for developing the hostel ranged from $5.7 million to $6.4 million.

On December 4, 2012, due to the declining condition of the shared boiler system, a new boiler was installed at 219 Provencher which now services 219 Provencher only. The old boiler at 212 Dumoulin now services 212 Dumoulin only.

On February 26, 2013, the Department, with assistance from the Legal Services Department, provided the Purchaser with an Offer to Purchase. The Offer contained standard conditions including the condition whereby land being sold for $1.00 to non-profit organizations would revert back to the City at the conclusion of the economic life of the project or in the event that the Subject City Property shall not continue to be used as the Complex.

Between February and September of 2013, the Purchaser and the City continued negotiating. The Purchaser advised that they were in discussions with Hostelling International (HI) Canada as they had a genuine interest in the Fire Hall project for the location of the next Winnipeg Hostel. The Purchaser requested another extension of time to submit a business plan. A further extension was granted to April 30, 2014 for the Purchaser to complete a comprehensive completed business plan inclusive of financial backing.

On February 28, 2014, the Purchaser provided the City with written information advising,

> "We are very pleased with recent decisions made by the Hostelling International Canada (HI) to form a new regional entity which is now referred to as the Canadian Hostelling Association – Prairie Region (CHA-PR). The CHA-PR has clearly stated that Winnipeg and particularly the St. Boniface hostel project is their priority. Acknowledging the existing and future demand which is fuelled by new local attractions and a growing University campus, St. Boniface is well poised for a sizable hostel".

The Purchaser further advised that this community driven project is challenging and requires patience and perseverance to be successful, they were therefore requesting:

1. An extension to January 30, 2015 to return the updated business plan inclusive of a demonstrated financial capacity to undertake the project.
2. The opportunity to acquire more City property on the west side of the existing fire hall building to be used for parking in association with their proposed development of the Subject City Property.
3. An easement over the City land identified as “Proposed Easement Area” on the attached Misc. Plan 12063/14, in order to access the existing loading areas located at the rear of the building.
4. Review of the City policy wherein Lands that are made available at less than market revert back to the City at the conclusion of the economic life of the project or in the event that the Land shall not continue to be used as the Complex. The Purchaser advised that this would seriously affect their ability to secure capital for the project.

On July 9, 2014, the Department sent the Purchaser an updated draft copy of an Offer to Purchase and Easement Agreement for the proposed sale of 212 Rue Dumoulin. The updated draft Offer to Purchase included the following:

1. January 30, 2015 being a critical date that the City will expect the Purchaser to have provided the City with proof, in writing, that it has arranged suitable financing for the project and to have submitted a business plan for implementation of the Complex.
2. The Subject City Property, depicted as Parcel “A” on the attached Misc. Plan No. 12063/14 has been increased to 2,547+/- sq. ft, subject to Council approval.
3. An associated permanent easement agreement allowing the Purchaser access over the City’s property identified as “Proposed Easement Area” on the attached Misc. Plan 12063/14. The Purchaser will be responsible for the maintenance of this easement area.

It has been over 3 years since the Standing Policy Committee on Property and Development approved the original sale to the Purchaser and considering a number of conditions have changed since that October 4, 2011 decision, the Department is seeking an updated concurrence from the Standing Policy Committee on Property and Development.

It should be noted that the Winnipeg Parking Authority (WPA) have concerns over increasing the area of the Subject City Property from the area originally approved for sale as this will include a row of parking that WPA presently manages. WPA advised as follows:

> “WPA does have some concerns for the plan being proposed, although the area may have been declared surplus, this will in effect force WPA to cancel further permits along the west side (Parcel A) and further reducing revenues to WPA”.

The Department supports and recommends approval of the proposed sale of the Subject City Property to the Purchaser and entering into an easement agreement for the following reasons:

- The Subject City property would be placed on the tax roll at the closing of the sale.
- The sale will eliminate the liability for the City associated with holding this property.
- This historical building will be repurposed.
- The area Councilor was consulted regarding the intentions of the Department.

FINANCIAL IMPACT

Financial Impact Statement

Date: December 16, 2014

Project Name:

Proposed Sale of 212 Rue Dumoulin and the Associated Easement Requirement

First Year of Program **2015**

	2015	2016	2017	2018	2019
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	2,358	4,716	4,716	4,716	4,716
Net Cost/(Benefit)	$ (2,358)	$ (4,716)	$ (4,716)	$ (4,716)	$ (4,716)
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (2,358)	$ (4,716)	$ (4,716)	$ (4,716)	$ (4,716)

Additional Comments: Incremental revenues represent municipal property taxes on the subject City property based on the assumption that the assessed value is $542,500 (i.e. pro-rata share of the entire St. Boniface campus current assessed value of $4.32 million), a 65% portioning rate and a mill rate of 0.013772. The 2015 amount is prorated for an assumed sale closing date of July 1, 2015. Amounts for 2016 onward are for a full year and are assumed to remain constant. Dedication fees (if applicable) and/or rezoning fees payable have been excluded from this analysis.

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

CONSULTATION

In preparing this report there was consultation with:

Legal Services as to legal issues.

SUBMITTED BY

Department Planning, Property and Development
Division Real Estate
Prepared by: Joedi Pruden
Date: January 19, 2015
File No. 4904 V.3

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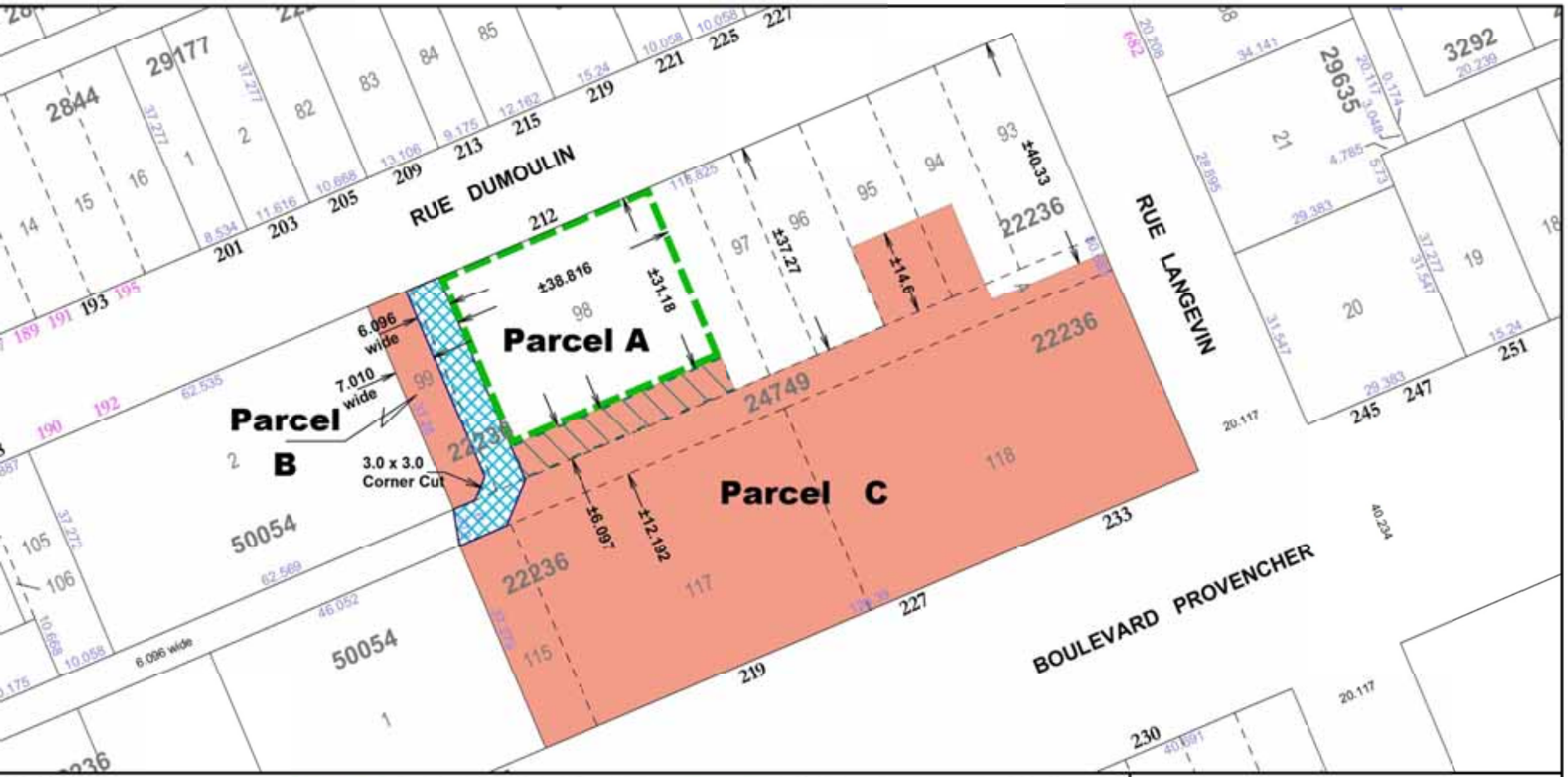


ETRIC

2014-JUN-02
ct: RIEL
4904 & 5099/35
: 1:800
ested by: JP
n by: MS
ence: As directed

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.

SUBJECT CITY PROPERTY
PARCEL A: ±1210.1 m² (±13,026 ft²)

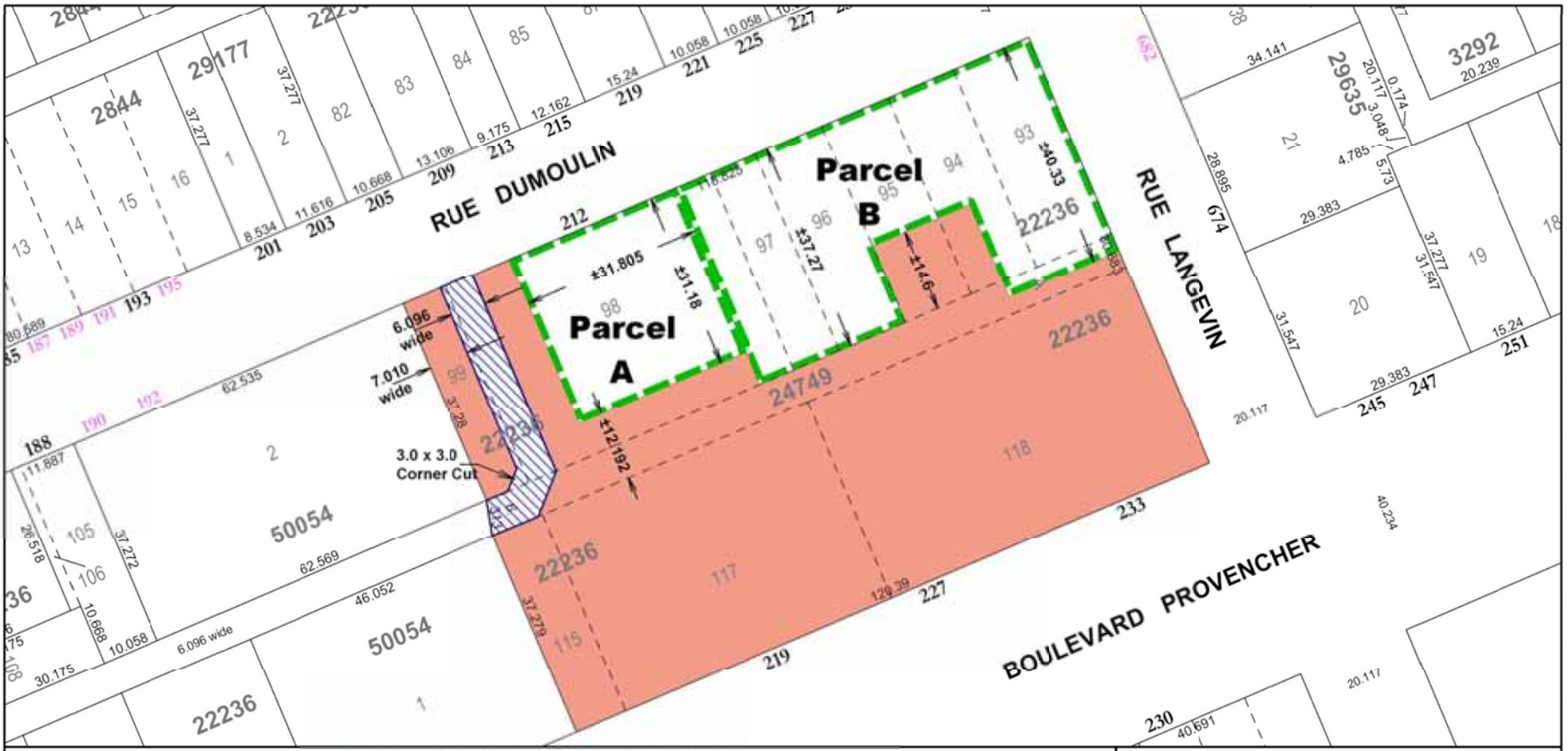
PROPOSED LANE OPENING: ±298.5 m² (±3,213 ft²)

PROPERTY to be retained by CITY
PARCEL B: ±256.7 m² (±2,763 ft²)
PARCEL C: ±5587.9 m² (±60,140 ft²)

PROPOSED EASEMENT AREA: ±236.7 m² (±2.547 ft²)

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

MISC. PLAN NO. 12063 / 14



Date: 2011-MAR-31
District: RIEL
File: 4904 & 5099/35
Scale: 1:850

NOTE:
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N W E S

SUBJECT PROPERTY - PARCEL A: ±991.5 (±10,672)
SUBJECT PROPERTY - PARCEL B: ±2284.1 m² (±24.586 ft²)
PROPOSED LANE OPENING: ±298.5 m² (±3,213 ft²)
PROPERTY to be RETAINED BY CITY

METRIC

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

MISC. PLAN NO. 12063 / 8