Agenda – Council – September 30, 2015

Report – Executive Policy Committee – September 23, 2015

Item No. 9 Sale of a Portion of City-owned Property located south of St. Boniface Industrial Park to Parmalat Canada Inc.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 23, 2015, the Executive Policy Committee submitted to Council that Item No. 1 of the Report of the Standing Policy Committee on Property and Development dated July 14, 2015, as adopted by Council on July 15, 2015, be amended as follows:

1. That Recommendation 2.A. be amended to delete the words "concurrently with the payment of the purchase price for the Site" and replace them with "on or prior to March 1, 2016", so that Recommendation 2.A. reads as follows:

   "A. cash contribution by Parmalat Canada Inc. in the amount of $1,500,000.00, to be paid to the City on or prior to March 1, 2016."

2. That Recommendation 4.B. be amended to add subparagraph iii. as follows:

   "iii. notwithstanding the foregoing, the Chief Administrative Officer shall be authorized to proceed with the negotiation, award and approval of contract and the installation of the works contemplated by Recommendation 4.F. hereof in advance of fully-executed funding agreements between the City and Parmalat and the Province of Manitoba respectively."

3. The Proper Officers of the City do all things necessary to implement the intent of the foregoing.

Report – Executive Policy Committee – September 23, 2015

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 23, 2015, the Executive Policy Committee passed the following resolution:

"WHEREAS on July 15, 2015 Council approved a report entitled "Sale of a Portion of City-owned Property located south of St. Boniface Industrial Park to Parmalat Canada Inc." (the "Report"), which provided in part:

2. That in order to facilitate the sale of the City-owned property shown hatched on Misc. Plan No. 14362/6, attached (the "Site"), to Parmalat Canada Inc., Council approve the installation of the necessary services as described herein with a net cost of $5.61 million to be funded as follows:

    A. cash contribution by Parmalat Canada Inc. in the amount of $1,500,000.00, to be paid to the City concurrently with the payment of the purchase price for the Site;

    B. contribution by the Province of Manitoba in the amount of $2,000,000.00 plus interest at the RBC prime rate, to be front-ended by the City and reimbursed by the Province of Manitoba over an estimated 18 year period through the Province's annual Community Revitalization Levy with respect to the Site; and

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4. That the Chief Administrative Officer be delegated the authority:

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    B. to proceed with the installation of the necessary services as described herein in order to facilitate the sale of the Site to Parmalat Canada Inc., subject to fully-executed funding agreements between:

        i. the City and Parmalat Canada Inc., setting out the terms and conditions of Parmalat Canada Inc.'s contribution to wastewater oversizing costs in the amount of $520,000.00 and site servicing costs in the amount of $1,500,000.00; and

        ii. the City and the Province of Manitoba, setting out the terms and conditions of the Province's agreement to reimburse the City for site servicing costs in the amount of $2,000,000.00 plus interest at the RBC prime rate.

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Report – Executive Policy Committee – September 23, 2015

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

F. to negotiate, on a single source basis, and approve the terms and conditions and award a contract to Man-shield Construction Inc. if required in an amount not to exceed $240,000, plus P.S.T. and G.S.T as applicable for the partial excavation of the storm water retention basin required to facilitate the sale of the subject site (it being understood that fill material will be used for site preparation).

AND WHEREAS Parmalat Canada Inc. ("Parmalat") has requested that its funding contribution occur in 2016, to coincide with the anticipated schedule for installation of services, and the Public Service concurs with such request;

AND WHEREAS the Public Service has determined that work to be done by Man-shield Construction Inc. with respect to the partial excavation of the storm water retention basin (it being understood that fill material will be used for site preparation) pursuant to Recommendation 4.F. of the Report will need to be undertaken prior to receipt of fully-executed funding agreements between the City and Parmalat and the Province of Manitoba respectively;

NOW THEREFORE BE IT RESOLVED THAT:

1. Council amend Recommendation 2.A. of the Report to delete the words "concurrently with the payment of the purchase price for the Site" and replace them with "on or prior to March 1, 2016", so that Recommendation 2.A. reads as follows:

   A. cash contribution by Parmalat Canada Inc. in the amount of $1,500,000.00, to be paid to the City on or prior to March 1, 2016;

2. Council amend Recommendation 4.B. of the Report to add subparagraph iii. as follows:

   iii. notwithstanding the foregoing, the Chief Administrative Officer shall be authorized to proceed with the negotiation, award and approval of contract and the installation of the works contemplated by Recommendation 4.F. hereof in advance of fully-executed funding agreements between the City and Parmalat and the Province of Manitoba respectively.

3. The Proper Officers of the City do all things necessary to implement the intent of the foregoing."

and submitted the matter to Council.

Report – Executive Policy Committee – September 23, 2015

DECISION MAKING HISTORY (continued):

COUNCIL DECISION:

On July 15, 2015, Council concurred in the recommendation of the Standing Policy Committee on Property and Development and adopted the following:

1. That the City-owned property shown outlined on Misc. Plan No. 14362/6, attached, be declared surplus to the needs of the City.

2. That in order to facilitate the sale of the City-owned property shown hatched on Misc. Plan No. 14362/6, attached (the "Site"), to Parmalat Canada Inc., Council approve the installation of the necessary services as described herein with a net cost of $5.61 million to be funded as follows:

    A. cash contribution by Parmalat Canada Inc. in the amount of $1,500,000.00, to be paid to the City concurrently with the payment of the purchase price for the Site;

    B. contribution by the Province of Manitoba in the amount of $2,000,000.00 plus interest at the RBC prime rate, to be front-ended by the City and reimbursed by the Province of Manitoba over an estimated 18 year period through the Province's annual Community Revitalization Levy with respect to the Site; and

    C. $2,110,000.00 contribution from the City, to be funded from the Land Operating Reserve and reimbursed with: (i) the net sale proceeds of the balance, or any portion of the balance of the City-owned property identified on Misc. Plan No. 14362/6; and (ii) municipal property taxes and business taxes with respect to the Site;

    D. the Land Operating Reserve will receive an inter-company transfer of $4,110,000.00 from the General Capital Fund to facilitate the foregoing.

3. That in the event the City's liquidity position requires additional funding, that short-term financing in the amount of $4,110,000.00 be approved either from external sources or through internal funds or reserves as determined by the Chief Financial Officer.

4. That the Chief Administrative Officer be delegated the authority:

Report – Executive Policy Committee – September 23, 2015

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

A. to negotiate and approve the sale of the Site in favour of Parmalat Canada Inc. (or its Nominee), for the purchase price of $2,625,000.00, in accordance with the City's standard terms and conditions of Offer to Purchase and upon such additional terms and conditions that the Director of the Planning, Property and Development Department and the Director of Legal Services and City Solicitor consider necessary to protect the interests of the City.

B. to proceed with the installation of the necessary services as described herein in order to facilitate the sale of the Site to Parmalat Canada Inc., subject to fully-executed funding agreements between:

   i. the City and Parmalat Canada Inc., setting out the terms and conditions of Parmalat Canada Inc.'s contribution to wastewater oversizing costs in the amount of $520,000.00 and site servicing costs in the amount of $1,500,000.00; and

   ii. the City and the Province of Manitoba, setting out the terms and conditions of the Province's agreement to reimburse the City for site servicing costs in the amount of $2,000,000.00 plus interest at the RBC prime rate.

C. to negotiate and approve the terms and conditions of the agreements referenced in clause b. hereof, in accordance with the terms and conditions set forth herein and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

D. to negotiate, on a single source basis, approve the terms and conditions and award an engineering consultant contract to Stantec Engineering Ltd. for conceptual, preliminary and detailed design, and contract administration of the roadways, water mains, wastewater collection, and land drainage servicing requirements in the proposed development in an estimated amount not to exceed $850,000, plus P.S.T. and G.S.T. as applicable.

E. to negotiate, on a single source basis, and approve the terms and conditions of contract and award a contract to Manitoba Hydro in an amount not to exceed $150,000, plus P.S.T and G.S.T. as applicable for the installation of electricity and natural gas utility servicing requirements to facilitate the sale of the subject site.

Report – Executive Policy Committee – September 23, 2015

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

F. to negotiate, on a single source basis, and approve the terms and conditions and award a contract to Man-shield Construction Inc. if required in an amount not to exceed $240,000, plus P.S.T. and G.S.T as applicable for the partial excavation of the storm water retention basin required to facilitate the sale of the subject site (it being understood that fill material will be used for site preparation).

G. To negotiate, and approve the sale of any other City land adjacent to the new services, if such sale does not require extension of the services, or if extension of the services is required, that the cost of the extended services does not exceed the purchase price of the land.

5. That the Winnipeg Public Service report back to Council by no later than July 2016 on the final disposition of the balance of the City-owned property identified on Misc. Plan No. 14362/6.

6. That the Winnipeg Public Service submit quarterly financial status reports with respect to this matter to the Standing Policy Committee on Finance.

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