Agenda – Council – July 13, 2016

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2016

Item No. 20 Final Disposition of the balance of the City-Owned property identified on Misc. Plan 14362/6 – St. Boniface Industrial Park Phase II

STANDING COMMITTEE RECOMMENDATION:

On July 6, 2016, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the following to Council:

1. That the report be received as information.

Agenda – Council – July 13, 2016

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2016

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 6, 2016, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On July 5, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

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

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2016

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

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:

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.

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DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

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.

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.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2016

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

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

ADMINISTRATIVE REPORT

Title: Report on the Final Disposition of the balance of the City-Owned property identified on Misc. Plan 14362/6 – St. Boniface Industrial Park Phase II

Critical Path: Standing Policy Committee on Property and Development, Heritage and Downtown Development - Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Zabudney	J. Kiernan	M. Ruta	D. McNeil

RECOMMENDATIONS

That this report be received as information.

REASON FOR THE REPORT

On July 15, 2015, Council approved the administrative report - *Sale of a portion of City-owned Property located south of St. Boniface Industrial Park to Parmalat Canada Inc*. The aforementioned report included Recommendation #5 which stated, "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."

EXECUTIVE SUMMARY

The Public Service has sold or conditionally sold 28.65+/- acres of land within St. Boniface Industrial Park Phase II. The remaining balance of land within St. Boniface Industrial Park Phase II is 168.38 +/- acres. The Public Service has advertised an Expression of Interest ("EOI") for the remaining balance of the lands, seeking a proponent to purchase all or part of the lands or a proponent to enter into a Joint Venture agreement. The Public Service will report back to Council in September 2016 with the results of the EOI

IMPLICATIONS OF THE RECOMMENDATIONS

There are no regulatory, environmental, financial or human resource implications associated with this report.

HISTORY/DISCUSSION

On July 15, 2015, Council approved seven recommendations in the administrative report titled *Sale of a portion of City-owned Property located south of St. Boniface Industrial Park to Parmalat Canada Inc*. In addition to the sale of land to Parmalat Canada Inc., the Public Service was required to report back on the balance of the City-owned property identified on Misc. Plan No. 14362/6, which is now known as St. Boniface Industrial Park Phase II ("Phase II").

On September 30, 2015, Council adopted amendments to the July 15, 2015 administrative report noted above – specifically Recommendations 2.A. and 4.B.

Recommendation 2.A. was 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."

Recommendation 4.B. was 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."

The following items outline the current status of Phase II:

<u>Parmalat Canada Inc.</u>

As of February 2016, Parmalat Canada Inc. is the registered owner of "Subject City Property" which is identified as "Sold Property – 15.85 acres+/-" on Misc. Plan No. 14362/8.

In order to satisfy the conditions of sale, the City has engaged an engineering firm and various contractors for the installation of a full range of municipal services that includes, but is not limited to, watermains, wastewater sewers, land drainage sewers and surface drainage ditches, a partial storm water retention basin, a wastewater lift station and roadway pavement. Services to be installed to accommodate the Parmalat site will be capable of being integrated and extended into the servicing of the remaining balance of the lands within Phase II. The capacity of the wastewater lift station has been based on estimated wastewater flows from the entire Phase II development. Construction has commenced on the pavement and underground services, as well as the lift station.

On April 27, 2016, Council approved DAO 10/2015 – *Proposed Opening of Mazenod, Ray Marius and Public Roads 1 and 2, South of Greater Winnipeg Water District Plan 2474 WLTO.* The opening provides access to the Parmalat Canada Inc. site as well as access to the eastern portion of Phase II.

<u>T.E.A.M.S.</u>

The City has conditionally sold 12.8+/- acres directly south of Parmalat Canada Inc. to T.E.A.M.S. which is identified on Misc. Plan No. 14362/8 and identified on said Plan as "Proposed Sale – 12.8 +/- acres".

The City and the proponent are finalizing the terms and conditions of the sale, which is subject to the approval of the Chief Administrative Officer based on the delegated authority granted by Council on July 15, 2015.

Remaining Balance

After all of the land required for servicing is deducted, along with the sales/proposed sales, the remaining balance of Phase II occupies 168.38 acres +/- (identified on Misc. Plan No. 14362/8).

The remaining balance of Phase II is un-serviced, although the services installed for Parmalat Canada Inc. can be integrated into future development.

Presently, the road opening does not extend past the Parmalat site since it is unclear what type of development will occur on the western portion of Phase II. The Public Service has been advised that the adjacent owner to the west has inquired about a road extension onto their property because they are land locked. Future development opportunities could exist with adjoining land owners, although no formal discussions have occurred.

The Public Service has several options to dispose of the remaining balance of Phase II which includes:

- Sell part of or the entire remaining balance to a proponent(s) "as is";
- Enter into a Joint Venture agreement with a proponent to service and develop the remaining acreage;
- Retain 100% ownership, continue to service the property and either:
    - Enter into a listing agreement with a Brokerage firm to market the property, or;
    - Market the property internally

While all of the above noted options are viable, the Public Service has prepared and advertised an EOI which specifically targets proponents interested in acquiring the remaining balance "as is" or proponents interested in a Joint Venture Agreement. The EOI closes on July 29, 2016.

It is the expectation of the Public Service that an administrative report will be submitted to Council in September 2016 that details the results of Phase I of the EOI. Phase I is defined in the EOI as follows:

> *"Further to 4.2.2, the City will only consider EOI Submissions which, in the City's (Planning, Property and Development Department) sole discretion and opinion, are the most advantageous and thorough.*
>
> *If, after this initial review, the Planning, Property and Development Department deem an EOI Submission to be unacceptable, the Proponent will be notified of same and no further discussions will be held.*
>
> *The Planning, Property and Development Department intend to report to City Council, during the September Council meeting, on the number of EOI Submissions made in response to the EOI.*

Upon completion of the initial Phase I review, the Planning, Property and Development Department will short list those submissions that it considers are worthy of additional discussions and may thereafter proceed to Phase II of the evaluation process."

Should the EOI receive no responses or receive unacceptable responses, the Public Service may choose another viable option for the property – retain ownership and market the property.

FINANCIAL IMPACT

Financial Impact Statement Date: June 9, 2016

Project Name:

Report on the Final Disposition of the balance of the City-Owned property identified on Misc. Plan 14362/6 – St. Boniface Industrial Park Phase II

COMMENTS:

As this report is to be received as information only, there are no financial implications associated with its recommendation.

"Original Signed By"
Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

Legal Services as to Legal Issues

OURWINNIPEG POLICY ALIGNMENT

OURWINNIPEG AND COMPLETE COMMUNITIES DIRECTION STRATEGY

- The subject lands are located within the General Manufacturing Policy Area under the Complete Communities Direction Strategy. Supporting Direction and Enabling Strategies include:
  - "Consider options to encourage development of under-utilized parcels and obsolete sites" (p.94).
  - "Maximize the economic development potential of existing and future employment lands" (p.96).

ZONING BY-LAW

- The proposed use conforms with the current zoning of the subject lands which are zoned M3 PDO-2 – Prairie Industrial Park Manufacturing Heavy District. The purpose of this overlay is to provide flexibility for "M3" Manufacturing Heavy Zoning District uses for the area defined as the PDO-2 Prairie Industrial Park.

- M3 lands are intended to accommodate light or heavy industrial development, including heavy manufacturing, storage, major freight terminals, waste and salvage, resource extraction, processing, transportation, major utilities, and other related uses, particularly those that require very large buildings, frequent heavy truck traffic for supplies or shipments, or that may require substantial mitigation to avoid sound, noise, and odour impacts to neighbouring properties.

SUBMITTED BY

Department: Planning, Property & Development
Division: Real Estate
Prepared by: Gordon Chappell, Senior Negotiator
Date: June 10, 2016
File: 32/6123 43 V3

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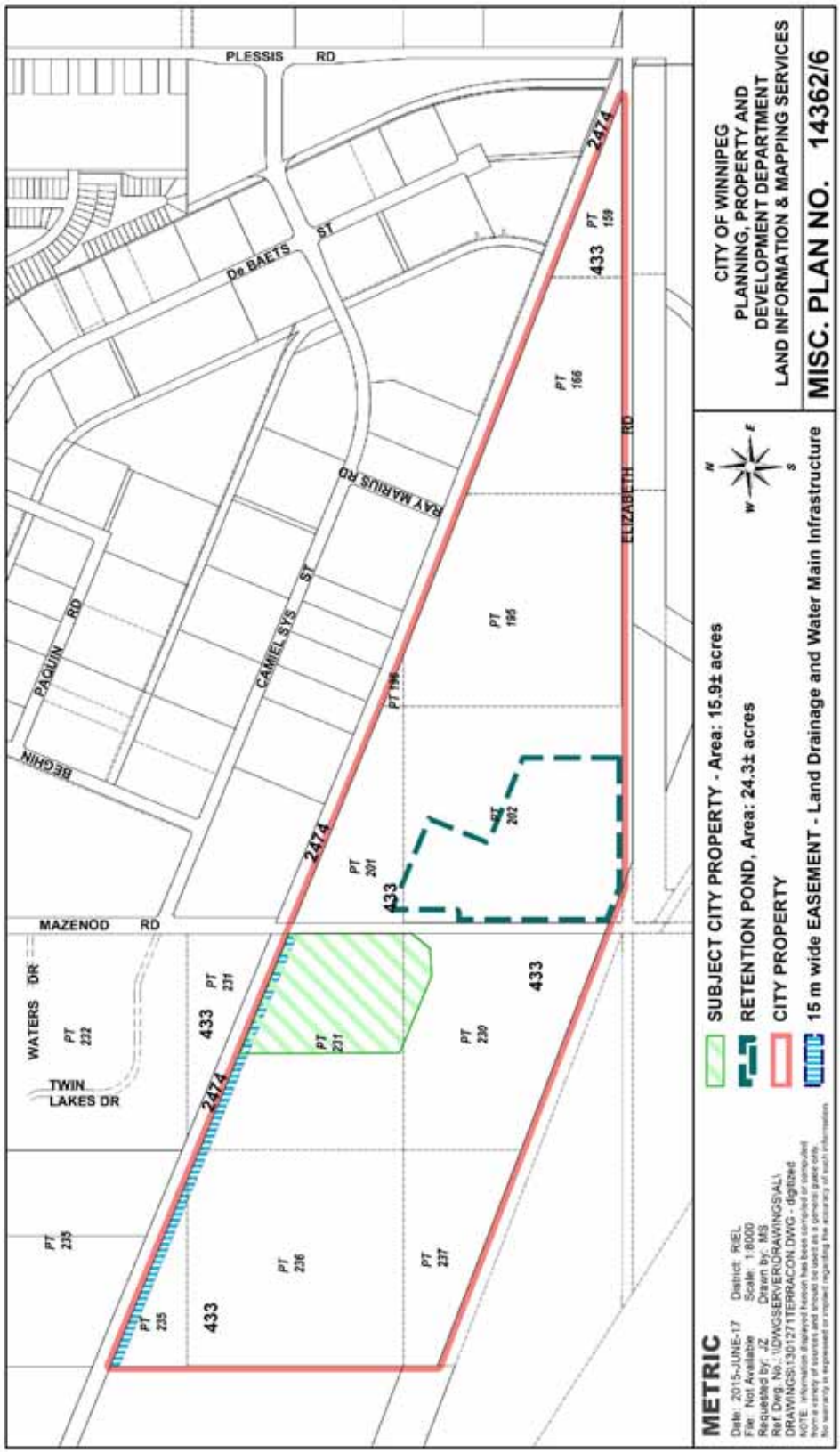
Appendix – Misc. Plan 14362/6

Misc. Plan 14362/8

Misc. Plan 14362/6



Misc. Plan 14362/8

