Agenda – Council – September 28, 2016

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 20, 2016

Item No. 11 Update on the Final Disposition of the Balance of the City-Owned Property identified on Misc. Plan 14362/6 – St. Boniface Industrial Park Phase II
(St. Boniface Ward)

STANDING COMMITTEE RECOMMENDATION:

On September 21, 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.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 20, 2016

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 21, 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 September 20, 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.

STANDING COMMITTEE DECISION:

On September 20, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development directed the Winnipeg Public Service to issue another Expression of Interest (EOI) for the balance of the City-Owned Property identified on Misc. Plan 14362/6 – St. Boniface Industrial Park Phase II, and report back in 180 days with an update.

ADMINISTRATIVE REPORT

Title: Update 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

EXECUTIVE SUMMARY

The Public Service informed Council on July 13, 2016, that an Expression of Interest (EOI) had been advertised for the City-owned land identified on Misc. Plan 14362/6 (attached). The EOI closed on July 29, 2016 without any submissions. The land is considered to be a key strategic asset based on its heavy industrial use. The Public Service will continue to market the available land within Misc. Plan 14362/6. The Chief Administrative Officer retains the delegated authority to negotiate and approve sales as defined in Paragraph 4.G. of the July 15, 2015 Council report – *Sale of a portion of City-owned Property located south of St. Boniface Industrial Park to Parmalat Canada Inc.* The Public Service may produce a business case in the future to support servicing the remaining available balance.

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.”

On July 13, 2016, the Public Service informed Council that an EOI for the City-owned land identified on Misc. Plan No. 14362/6 had been advertised, with a closing date of July 29, 2016 and the results of the EOI would be provided for the September Council meeting.

IMPLICATIONS OF THE RECOMMENDATIONS

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

The proceeds from the sale of available land identified on Misc. Plan 14362/6 have not been identified. The value of the remaining balance is fluid based on the amount of serviced or un-serviced land that is available at any point in time, and the prevailing market values.

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").

The Public Service has 168.38 acres +/- remaining within the Phase II property (identified on Misc. Plan 14362/8).

The Public Service advertised an EOI in June 2016, seeking proponents for the purchase or development of the Phase II property. The EOI was marketed through the Globe & Mail, Western Investor, the City website, and received a story in the Winnipeg Free Press. The EOI and related materials were located on the Materials Management webpage for just under two months. Over that time, the EOI received close to 1,000 webpage views.

Unfortunately, the EOI closed on July 29, 2016 without any submissions. The lack of submissions is likely due to the type of property being marketed, which may require a longer marketing period. From a real estate perspective, the Phase II property likely appeals to a relatively small segment of the real estate community based on its size, use and servicing.

The Planning and Land Use Division has identified the Phase II property as a key asset for strategic economic development purposes. From an economic development standpoint it may be beneficial to have serviceable land owned by the City to attract certain businesses that may be underserved by market conditions within the private employment lands market. This position is supported by the 2008 Employment Lands Strategy. The sale of land to Parmalat for their new facility is a good example of the need to have "development ready" heavy industrial land owned by the City. This is particularly true given the small amount of vacant M3 zoned lands (M3 PDO-2 – Prairie Industrial Park Manufacturing Heavy District) within the City of Winnipeg and the difficulty to establish new employment lands with M3 zoning rights.

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.

Selling off the remaining available land “en-bloc” is not supported by the Planning and Land Use Division, until such time that the *OurWinnipeg/Complete Communities* Review is complete. This review will recommend an update to the Employment Lands Strategy, which is critical given the creation of CentrePort and the large infrastructure investment dollars associated with its build out.

Considering the above, the Public Service will to continue to market the available land within the Phase II property. The remaining balance (as currently depicted in Misc. Plan 14362/8) will be posted for sale on the City’s webpage. Therefore, the available land could be sold “as is” (in part but not in whole), or the Public service could continue to rely on its delegated authority identified in the above noted July 15, 2015 Council report where opportunities exist. The delegated authority states:

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

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.

Where the conditions of the delegated authority indicated above cannot be met to complete a sale of available City-owned land in Misc. Plan 14362/6, the Public Service will require approval from City Council or its delegated authority.

In the near future, the Public Service will be in a position to market several acres of land on the east side of Mazenod Road that contains a full range of municipal services due to the Parmalat development. Depending on the market demand for the Mazenod site, the Public Service may be able to produce a business case that supports an extension of municipal services beyond incremental lot servicing. At some point, the conditions of the delegated authority noted earlier will not be met once the partial services require an expansion. As a result, it may benefit the City to front the costs of servicing for the remaining balance (or portion of the remaining balance) if absorption rates are strong. The absorption rate for the Phase II property is slightly above the historical absorption rate for the existing St. Boniface Industrial Park. The Public Service will continue to monitor industrial demand and consider possible development opportunities. Development opportunities may also include partnering with adjacent landowners to coordinate servicing and/or development.

It is noted that the Public Service has decided not to rely on a Brokerage firm to market and sell the property, since the City does not require all of a Brokerage’s services to close a sale and the marketing can be completed with the City’s existing resources.

FINANCIAL IMPACT

Financial Impact Statement Date: August 24, 2016

Project Name:

Update 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:

There are no financial implications associated with this report.

"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).

SUBMITTED BY

Department: Planning, Property & Development
Division: Real Estate
Prepared by: Gord Chappell, Senior Negotiator
Date: August 26, 2016
File No.: 32/6123 43 V3

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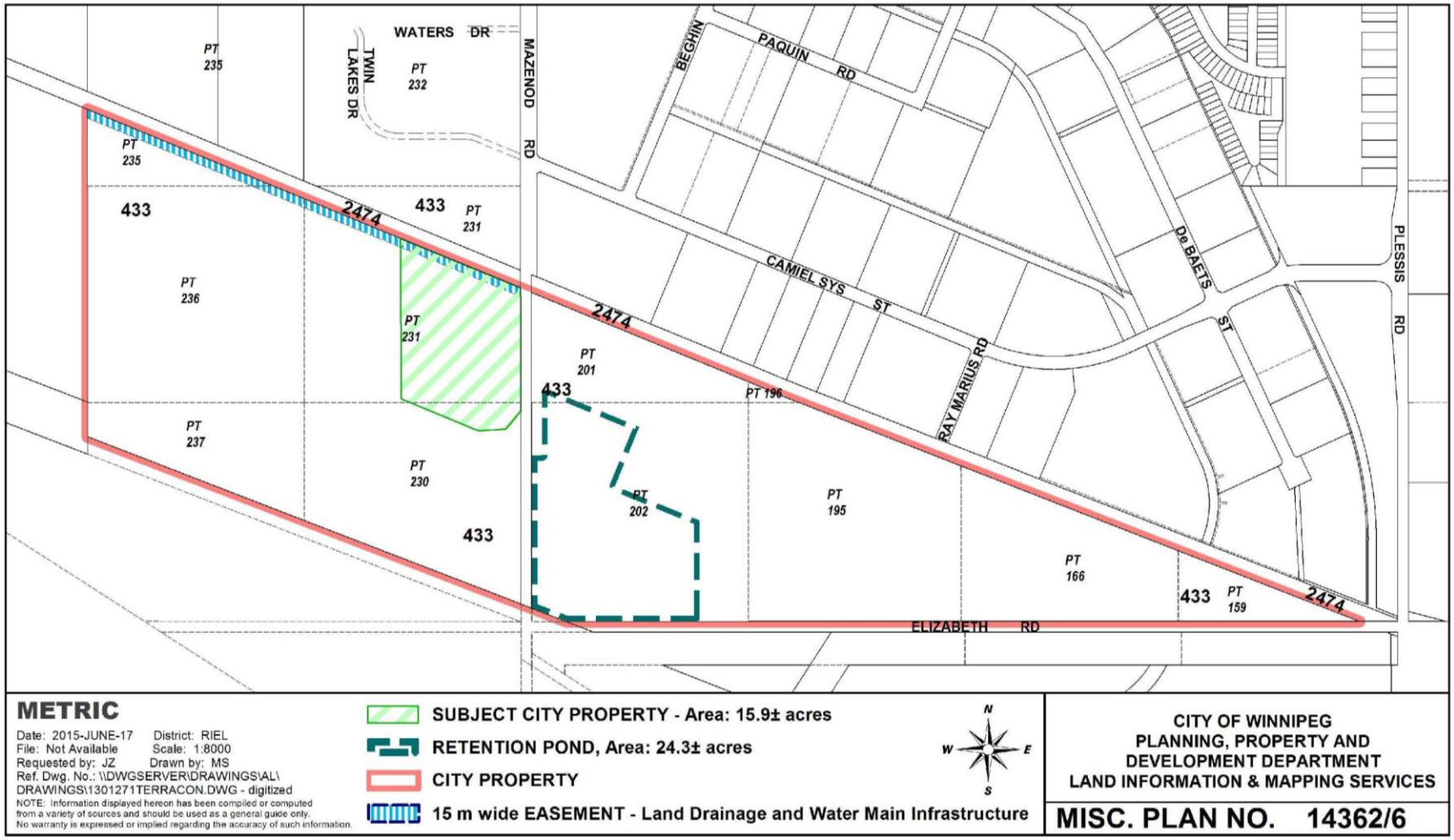
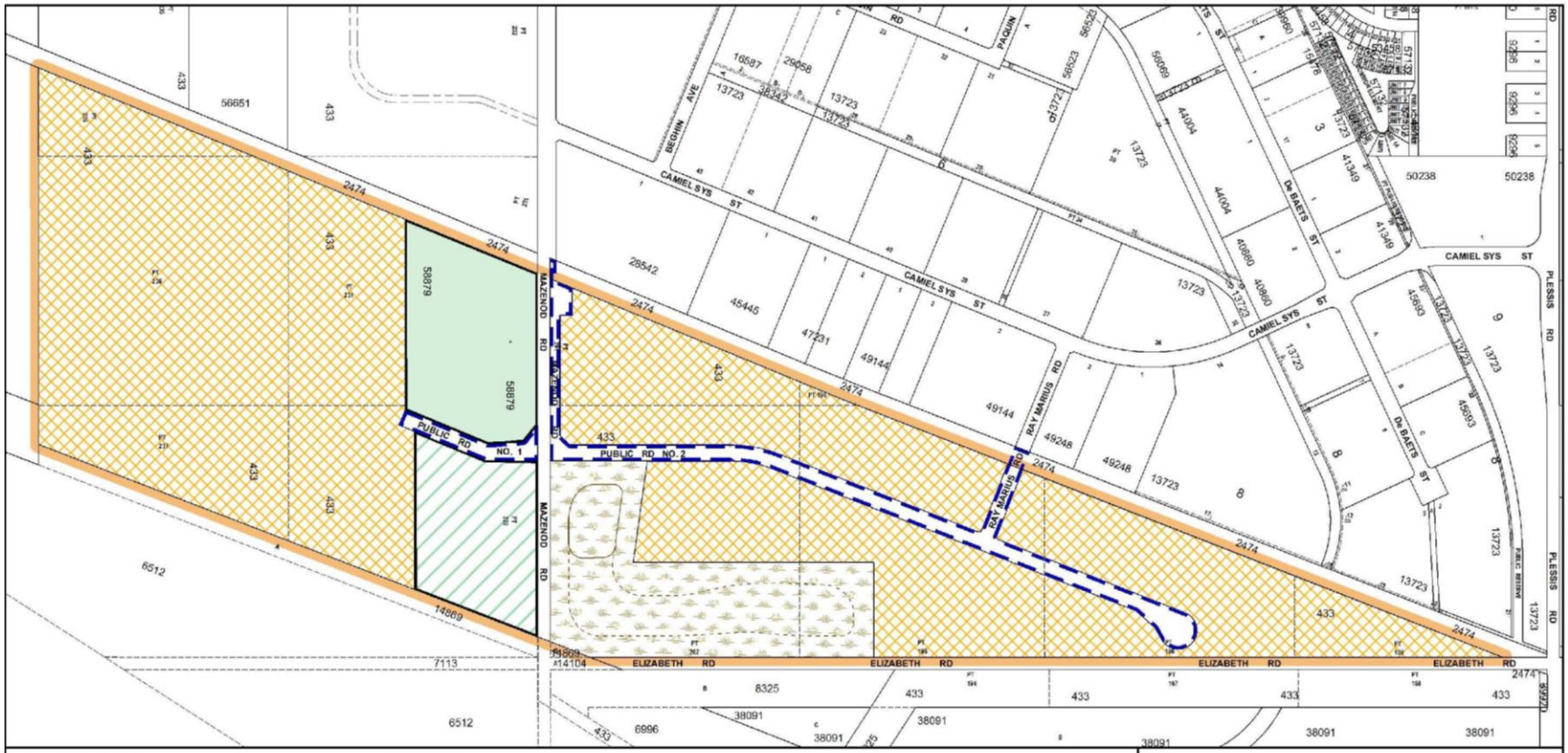
Appendix – Misc. Plan 14362/6

Misc. Plan 14362/8

Misc. Plan 14362/6



Misc. Plan 14362/8



Date: 2016-APRIL-5
District: RIEL
File: 32/6123 43 V4
Scale: 1:7500
Requested by: GC
Drawn by: MS
Ref. Dwg. No.: As Requested

METRIC

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.

- St. Boniface Industrial Park Phase 2
- Proposed Opening - DAO 10/2015 - 11.54 acres ±
- Proposed Public Reserve - 25.48 acres ±
- Sold Property - 15.85 acres ±
- Proposed Sale - 12.8 acres ± (MP14942/7)
- Remaining Balance - 168.38 acres ±

CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPARTMENT
LAND INFORMATION SYSTEMS

MISC. PLAN NO. 14362/8