Agenda – Council – March 21, 2019

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – March 4, 2019

Item No. 2 Sale of City-owned property located at 180 Market Avenue, commonly known as the Pantages Playhouse Theatre (Point Douglas Ward)

STANDING COMMITTEE RECOMMENDATION:

On March 12, 2019, the Executive Policy Committee concurred in the recommendation of the the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the following to Council:

1. That the City-owned property located at 180 Market Avenue, identified as "Subject City Property" on the attached Misc. Plan No. 13916 (Schedule A), be declared as surplus to the needs of the City.

2. That subject to the approval of Recommendation No. 1, the sale of the Subject City Property to Alex Boersma and Lars Nicholson, or a nominee approved by the Chief Administrative Officer (the "Proponent"), for the purchase price of $530,000.00, be approved subject to the following conditions:

    A. The Proponent to grant an easement to the City for use of the northerly corner of the Subject City Property for installation and maintenance of an art installation.

3. That the City enter into, execute and deliver an Offer to Purchase and an Easement Agreement with the Proponent, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

4. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Offer to Purchase, the Easement Agreement and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

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

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – March 4, 2019

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 12, 2019, 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 March 4, 2019, 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.

Carol Phillips, Executive Director, Winnipeg Arts Council, submitted a presentation dated March 4, 2019 in support of the matter.

ADMINISTRATIVE REPORT

Title: Sale of City-owned property located at 180 Market Avenue, commonly known as the Pantages Playhouse Theatre

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

AUTHORIZATION

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

EXECUTIVE SUMMARY

On June 8, 2018, the Public Service issued a Request for Proposal ("RFP") for the sale of the Subject City Property located at 180 Market Avenue, commonly known as the Pantages Playhouse Theatre.

The RFP closed on September 28, 2018 and four proposals were received and evaluated.

The Public Service recommends the sale of the Subject City Property to Alex Boersma and Lars Nicholson (the "Proponent") for $530,000.00. The Proponent has negotiated a potential partnership with a facility manager to continue to operate the Subject City Property as a Theatre, will offer affordable office space to performing arts groups, and intends to explore the potential for additional development on the site.

The Subject City Property was circulated to all City departments and no civic need was identified. The Ward Councillor has been advised as to the intentions of the Public Service.

RECOMMENDATIONS

1. That the City-owned property located at 180 Market Avenue, identified as "Subject City Property" on the attached Misc. Plan No. 13916 (Schedule A), be declared as surplus to the needs of the City.

2. That subject to the approval of Recommendation No. 1, the sale of the Subject City Property to Alex Boersma and Lars Nicholson, or a nominee approved by the Chief Administrative Officer (the "Proponent"), for the purchase price of $530,000.00, be approved subject to the following conditions:

    A. The Proponent to grant an easement to the City for use of the northerly corner of the Subject City Property for installation and maintenance of an art installation.

3. That the City enter into, execute and deliver an Offer to Purchase and an Easement Agreement with the Proponent, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

4. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Offer to Purchase, the Easement Agreement and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

5. 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

The "Policy for the Sale, Acquisition, Rental, Leasing and Management of Property", adopted by Council on July 19, 1979, requires Council approval to declare land surplus to the City's requirements.

On January 28, 2009, Council authorized the Chief Administrative Officer ("CAO") to approve all sales of City-owned property that have been declared surplus where:

I. the sale price is $500,000 or less;
II. the sale price is at least:
    a. 95% of appraised value, or
    b. 100% of the Standing Policy Committee on Property and Development pre-approved price;
III. the property is being sold through a public offering and / or complies with the "Offers to Purchase City-owned Property policy";
IV. the offer is in the best interests of the City; and
V. prior to public offering, the sale has written concurrence from the Ward Councillor.

The proposed sale does not comply with subsection I of the CAO's Delegation of Authority.

The Standing Policy Committee on Property and Development, Heritage and Downtown Development has the authority to approve all sales in accordance with the "Policy for the Sale, Acquisition, Rental, Leasing and Management of Properties" adopted by Council on July 18, 1979.

IMPLICATIONS OF THE RECOMMENDATIONS

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

The proposed sale of the Subject City Property is in accordance with the City's "Offers to Purchase City-owned Property Policy". The Subject City Property was marketed through a Request for Proposal ("RFP").

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.

The installation of public artwork, known as Bloody Saturday, has commenced on the most northerly corner of the Subject City Property. It is proposed that the art installation will proceed as planned in 2019. Subject to approval of the recommendations described herein, ownership of the artwork will be retained by the City and the City will be granted an easement over the northerly corner of the Subject City Property for installation and maintenance of the artwork. Provisions will be added to the Offer to Purchase and/or Easement Agreement to ensure that the City's Public Art Policy is adhered to.

HISTORY/DISCUSSION

Building Information:
The Subject City Property is commonly known as the Pantages Playhouse Theatre (the "Theatre"). The two storey building with mezzanine and basement was constructed in 1913/1914 and officially opened on February 9, 1914. The Theatre was acquired by the City of Winnipeg through tax sale on July 31. 1944.

The Theatre was added to the List of Historical Resources under Municipal By-Law 55-2014 on January 5, 1981. It is also listed as a Manitoba Provincial Heritage Site under the Heritage Resources Act and a National Historic Site under the Historic Sites and Monuments Act.

Demolition of the heritage resource is not permitted.

Management Information:
Over the past 20 years, the Theatre was managed by the Performing Arts Consortium of Winnipeg Inc. and ultimately by the Winnipeg Symphony Orchestra Inc.

Winnipeg Symphony Orchestra Inc. informed the City on June 14, 2018 of its intent to cease the management and operation of the Theatre effective August 31, 2018.

From August 31, 2018 until December 31, 2018, operation of the Theatre was managed by the Planning, Property and Development Department (the "Department"). This included facilitating a number of pre-booked events and managing short term tenancies that existed in the facility.

All events and tenancies at the Theatre concluded effective December 31, 2018 and the building is currently vacant.

No Civic Need:
Although the Theatre was acquired through tax sale and the Director of Planning, Property and Development has the delegated authority to declare land acquired through tax sale as surplus, there is no record on file that the Subject City Property was declared surplus.
A Circular Letter was issued to municipal Departments in 2017 seeking feedback on the potential disposition of the Subject City Property. No civic need for all or part of the property was identified.

In 2018, the Public Service engaged an external appraiser to conduct an appraisal of the Subject City Property. The appraiser determined that the current market value is $530,000.00, taking into consideration the various historic / heritage designations and development

limitations. The appraisal's highest and best use considered the Subject City Property to be a legal non-conforming use which is compatible with the surrounding area and is capable of producing a profitable return for a highest and best commercial use.

On June 8, 2018 the Public Service issued RFP 2018-195 to solicit purchase proposals for the Theatre. The RFP closed on September 28, 2019 and four proposals were received.
The Public Service conducted a formal review of each proposal that was administered by Materials Management. The following criteria were used in the evaluation:

- proposed purchase price
- anticipated municipal tax revenue
- proposed use of the land and buildings
- overall development / business plan
- experience and history of previous projects / endeavors
- financial capability and more.

Proposals by the respondents were short-listed and the Public Service subsequently entered into negotiations with Alex Boersma and Lars Nicholson (the "Proponent").

The Proposal:
The Proponent:

- has agreed to a proposed purchase price of $530,000.00 for the Subject City Property, which represents the full appraised value. They are seeking no monetary subsidies from the City and the Subject City Property will be added to the tax roll upon transfer / registration.
- has negotiated a potential partnership with a facility manager to continue to operate the Subject City Property as a theatre and provide affordable office space to performing arts groups.
- will examine a potential development on the land at the corner of Main Street and Market Avenue, to the north of the existing Theatre structure.
- will conduct basic repairs / renovations that are required to the Theatre.
- has requested a 120-day due diligence period to conduct interior and exterior inspections of the Subject City Property.

The Public Service supports the proposed sale of the Subject City Property for $530,000.00 to the Proponent for the following reasons:

- The property will be placed on the tax roll at the closing of the sale;
- The Ward Councillor has been advised of the intentions of the Department; and
- The sale will eliminate liability to the City associated with holding this property.

If Council concurs in the recommendations of the Public Service, the sale may conclude in the third quarter of 2019. It is noted that, in its RFP response, the Proponent requested a due diligence period and consolidation of the titles of the Subject City Property. Subject to approval of the above recommendations, the Public Service will draft an Offer to Purchase that embodies these requests.

FINANCIAL IMPACT

Financial Impact Statement

Date: February 5, 2019

Project Name:

First Year of Program **2019**

Proposed Sale of City-owned property located at 180 Market Avenue, commonly known as the Pantages Playhouse Theatre

	2019	2020	2021	2022	2023
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	530,000	-	-	-	-
Net Cost/(Benefit)	$ (530,000)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(530,000)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Net proceeds of disposition of $530,000 will be credited to the Land Operating Reserve. The municipal property tax implications of the proposed sale are not material and have been excluded from this analysis.

"Original signed by"

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

Legal Services Department (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

01-1c – Key Directions for Specific City Areas

"Support the expanded presence of arts, culture, sports, entertainment and leisure throughout Downtown together with complementary services and attractions seeking to:

- *Draw more people and created more extended hour activity strategically throughout Downtown*
- *Establish Downtown as a place of vibrancy and celebration."*

The proposed sale of the Subject City Property to the Proponent is in alignment with the above direction because it proposes continued and enhanced use of the Theatre for arts purposes within the Downtown area.

02-3 – Enhance the Viability of the Exchange District National Historic Site

"Collaborate on the development of a renewed vision for the Exchange District as a vibrant area of conserved heritage that is an exciting place to live, work and visit."

The proposed sale of the Subject City Property to the Proponent is in alignment with the above direction because it proposes renovation and restoration of the Theatre which is located within the east Exchange District boundaries.

02-3 – Conserve, Protect and Celebrate the Significant Heritage Resources That Illustrate the Broad Range of Winnipeg's Heritage Values

"Recognize the importance of a broad range of tangible and intangible heritage resources throughout the City and illustrate a unique sense of place and community pride."

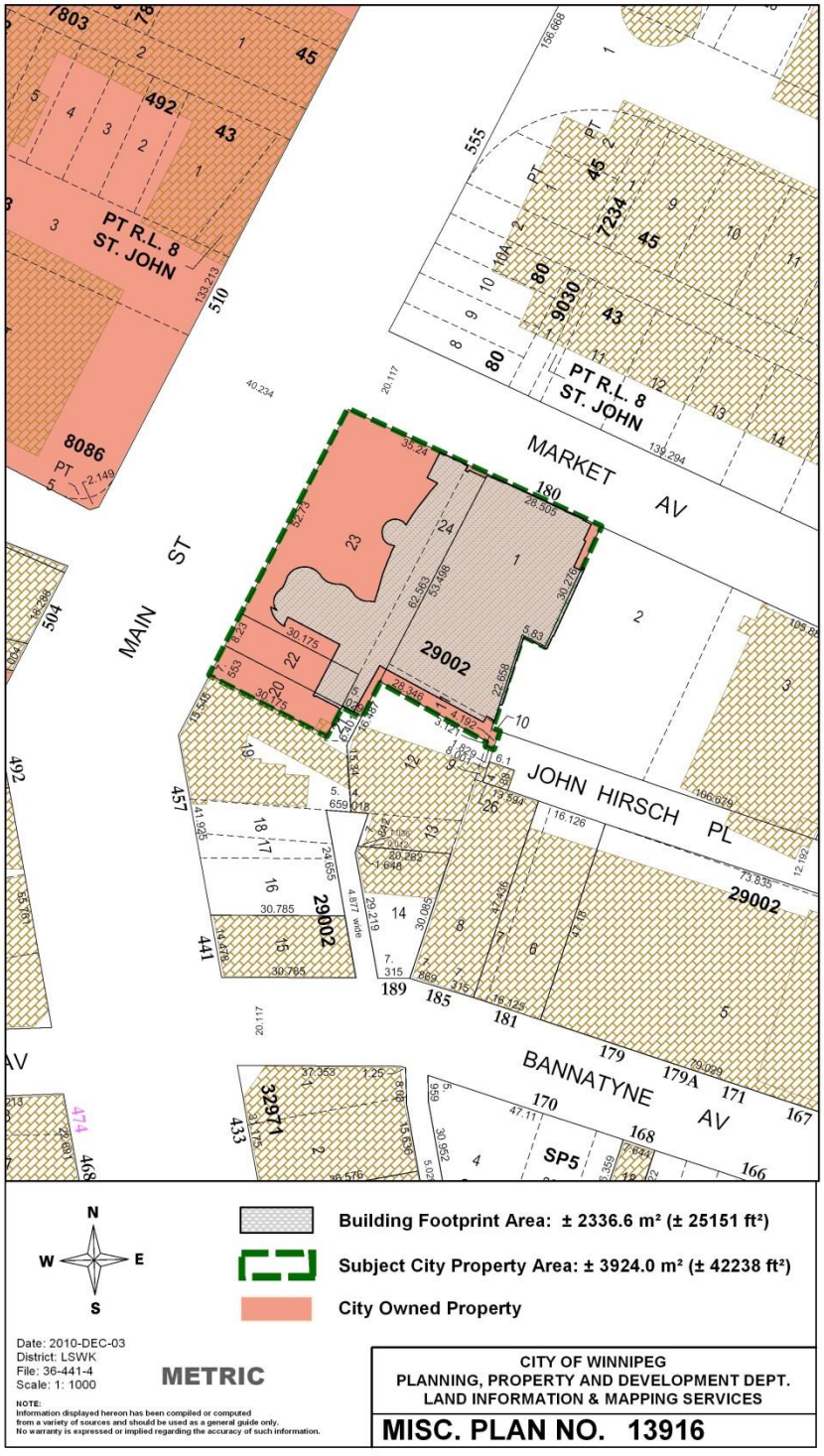
The proposed sale of the Subject City Property to the Proponent is in alignment with the above direction because recognizes the significance of the Subject City Property as a designated heritage resource and seeks to protect and enhance the Theatre in accordance with the heritage policies and restrictions.

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Julian Roberts, Senior Negotiator
Date: February 8, 2019
File No: 441

Attachments:
Schedule A – Misc. Plan No. 13916

Schedule A


MARKET AV
MAIN ST
JOHN HIRSCH PL
BANNATYNE AV
PT R.L. 8 ST. JOHN
29002
32971
SP5
N
W
E
S
Building Footprint Area: ± 2336.6 m² (± 25151 ft²)
Subject City Property Area: ± 3924.0 m² (± 42238 ft²)
City Owned Property
Date: 2010-DEC-03
District: LSWK
File: 36-441-4
Scale: 1: 1000
METRIC
NOTE:
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CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 13916

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