Agenda - Executive Policy Committee - February 18, 2004

Report - Standing Policy Committee on Property and Development - February 5, 2004

Item No. 2 50 Dunkirk Drive - Results of the Request for Proposal and Proposed Future Plan of Action
File FI-2.4(35)

STANDING COMMITTEE RECOMMENDATION:

On February 5, 2004, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submits the following to Council:

1. That all three submissions received in response to RFP No. 832-2002 to purchase the City-owned lands at 50 Dunkirk Drive be determined to be non-responsive and therefore be rejected.

2. That the Director of Planning, Property and Development be authorized to proceed with a Public Invitation for Offers to Purchase for the subject property, identified on Misc. Plan No. 4750/17 as Land Declared Surplus.

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

Agenda - Executive Policy Committee - February 18, 2004

Report - Standing Policy Committee on Property and Development - February 5, 2004

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On February 5, 2004, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

On January 16, 2004, the Standing Policy Committee on Property and Development laid over consideration of the matter to the February 5, 2004, meeting of the Committee.

Re: **50 Dunkirk Drive – Results of the Request for Proposal No. 832-2002 and Proposed Future Plan of Action**
Riel Community
St Vital Ward

For submission to: **Standing Policy Committee on Property and Development**

Original report signed by: **Director of Planning, Property and Development**

Report date: January 7, 2004

Recommendation(s):

1. That all three submissions received in response to RFP NO. 832-2002 to purchase the City –owned lands at 50 Dunkirk Drive as discussed herein be determined to be non responsive and therefore be rejected.

2. That the Director of Planning, Property and Development Department be authorized to proceed with a Public Invitation for Offers to Purchase for the subject property, identified on Misc. Plan No. 4750/17 as Land Declared Surplus, as proposed herein.

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

REPORT SUMMARY

Key Issues:

- A Council decision is required to deal with all proposals submitted under RFP NO. 832-2002.

- The Planning, Property and Development Department have reviewed the proposals received under RFP NO. 832-2002 and recommends that all three proposals be rejected, as they did not meet the minimum RFP requirements. In so doing the RFP will be deemed closed and ended.

- The Planning, Property and Development Department recommends that a Public Invitation for an Offer to Purchase be performed, the results of which to be reported upon to Committee.

Implications of the Recommendation(s):

General implications:

	None
X	For the organization overall and/or for other departments
X	**For the community and/or organizations external to the City of Winnipeg**
	Involves a multi-year contract

Comment(s):

- The 50 Dunkirk Drive Property is a sensitive and controversial property matter. Several initiatives have been undertaken over the last decade in an attempt to maintain the facility and lands for use by the Public.
- The potential loss of recreation facilities will likely receive a negative response from two existing seasonal sport users, tennis and rowing clubs.
- Dependant upon the proposed use, the potential redevelopment/ rezoning of the site may invoke an initial negative reaction from the local community.

Policy implications:

X	**No**
	Yes

Comment(s):

-

Environmental implications:

X	**No**
	Yes

Comment(s):

-

Human resources implications:

X	**No**
	Yes

Comment(s):

-

Financial implications:

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment(s):

- No Financial impact

REASON FOR THE REPORT:

In accordance with the requirements of the RFP No. 832-2002, an Administrative report is required to report on the results of the Request For Proposals to Council for its consideration

HISTORY:

At its meeting held on December 21, 2001, Council approved the implementation of RFP NO. 832-2002.

The formal RFP was advertised and proposals were invited. The close date for the receipt of proposals was July 25, 2003 and three proposals were received.

None of the submissions met the minimum requirements; therefore the Department did not convene the Evaluation Committee. However, the Planning, Property and Development Department did review the submissions and has reported on the particulars within this report.

DISCUSSION:

1. Results of the Request For Proposals:

The Materials Management Branch advertised RFP NO. 832-2002 and proposals were invited for the redevelopment of City-owned lands located at 50 Dunkirk Drive.

The minimum requirements of the Request For Proposals were the following:

- To submit a proposal using the RFP form of submission;
- To provide a concept for the entire 6.6 acre site;
- To complete the Offer To Purchase form; and
- To provide a business plan and supporting financial details.

Following the July 25, 2003 RFP deadline, the Materials Management Branch of the Corporate Finance Department forwarded three (3) RFP submissions to the Planning, Property and Development Department. The particulars of the submissions are as follows:

Submission No.1 - Prairie Fire and Rowing Club:

Note that the Department has facilitated this Club's seasonal use of the boathouse and dock in 2002 and 2003 by way of a Facility Use Agreement.

The Club submitted a proposal to establish a Rowing Center at the site to offer recreational rowing programs and services at this location. The proposal included a request to purchase only a one-acre portion of the site to construct a new 4000 square foot boathouse at an estimated cost of $200,000.00. The proposal also requested the right to use a portion of the existing parking lot.

With respect to the minimum RFP Requirements, the Club:

- Submitted an RFP using the required form of submission;
- Did not provide a concept plan for the entire 6.6 acre site;
- Completed the Offer To Purchase form;
- Did not provide a complete business plan and did not indicate how the new boathouse would be financed;
- Did not provide any proof of financial capacity and
- The proponent requested access to use the existing parking lot and that the City pays for any realty taxes on the one-acre portion.

Submission No.2 - Dunkirk Tennis Club Inc.:

Note that the Department has facilitated this Club's seasonal use of the tennis courts in 2002 and 2003 by way of a Facility Use Agreement.

The Club submitted a proposal to enter into a long-term agreement with the City or purchaser of the site to facilitate its continued operation to offer recreational tennis programs and services at this location. The proposal includes a request to construct a new clubhouse and the right to use a portion of the existing parking lot.

With respect to the minimum RFP Requirements, the Club:

- Did not submit an RFP using the form of submission;
- Did not provide a concept plan for the entire 6.6 acre site;
- Did not complete the Offer To Purchase form (The proponent stated they have no capital to purchase the entire land);
- Did not provide a complete business plan; nor did the Club indicate how the new clubhouse would be financed; proof of financial capacity was not provided; and
- Requested to enter into a Use Agreement.

Submission No. 3 – Mr. Don Ferguson:

Mr. Ferguson currently leases the adjacent City-owned golf course lands until March 2006. Mr. Don Ferguson submitted a proposal to purchase and operate the land and buildings as a privately owned recreation facility, to offer all of the recreation services historically available at this location. As well, he proposed to upgrade the facility using private funding.

With respect to the minimum RFP Requirements, Don Ferguson:

- Did not submit an RFP using the form of submission;
- Did not provide a formal concept plan for the entire 6.6 acre site;
- Did not complete the Offer To Purchase form;

- Did not provide a complete business plan nor indicate how the new clubhouse would be financed; proof of financial capacity was not provided; and
- Offered $100.00 to purchase the property.

Departmental Comment:
The Request For Proposals No. 832-2002 included an evaluation framework for the grading of the various proposals that were received. After reviewing the three submissions, the Department determined that it would not be necessary to convene the evaluation team or proceed with a formal evaluation of each submission since none of the submissions met the predetermined minimum criteria for the proposal call.

Also, it should be noted that the RFP provided that The City of Winnipeg will have no obligation to accept any proposals even though one or more may be considered to be in compliance with the submission requirements.

Therefore, it is the recommendation of the Planning, Property and Development Department that all of the submissions be rejected, and the RFP considered as closed and ended.

2. Proposed Strategy:

Given the several expressions of interest received in this property, as a first preference the Planning, Property and Development Department recommended that the City sell the land and building located at 50 Dunkirk via the implementation of an RFP to eliminate the City's ongoing responsibility for the site and to ensure an open and transparent opportunity for the various interested parties to submit proposals.

However, based upon the lack of a "substantive" proposal from the "Private" and "Non-Profit" sectors, the Department concluded the following:

- There is a weak market for the existing building and land in its current configuration and condition; and
- Those grant/ subsidies would need to be offered to stimulate interest in using the building and site in its current state. (The RFP stated no financial subsidy would be considered.)

Based on the aforementioned conclusion, the Department developed alternatives to consider as part of formulating a Plan of Action:

Alternative 1 - Public Invitation for Offer to Purchase

The Department could proceed to conduct a Public Invitation to the market solely on a real estate basis. The site would be offered in "As Is" condition and the Department would consider all Offers and report back on the results.
This Offering would be open to all parties, including the three recent parties that have expressed an interest, without any restrictions on the use of property other than typical requirements of a Purchaser to comply with all governing regulations, and the need to provide parking for the golf course and access to the Condominium situated south of the Clubhouse building. The Invitation for Offer to Purchase process would take the least resource and time to perform and could be concluded with a report back to the Committee within minimal time. The recent three inquiries received are summarized below:

a) Seraph Evangelical Free Church (L. Layne)
Request to lease with option to purchase to house a chapel, office, meeting rooms for Sunday school. Our understanding is that Youth Groups and other Chinese Churches in the City routinely rent various gymnasiums and arenas for sports and would intend that these groups use the sports facilities.

b) Jegray Development Ltd. (R. Lev)
Request to purchase the Canoe Club Site. Mr. Lev was apparently unable to complete RFP submission in time due to circumstance and is now formulating several concepts for medium density, which include the demolition of the Clubhouse. Mr. Lev requests to negotiate an unsolicited Offer to Purchase with the City.

c) Greg Loader has advised that he has an out of Province client that might be interested.

Alternative 2 - Reformat the RFP to Consider Non-Profit / Grant Assisted Proposals to Lease or Purchase

The RFP excluded the potential for any proponents to lease the property and to request direct and or indirect grant and or subsidies as part of their submission in accord with Council's wishes to not obligate the City to make any further investments at this site.

The Department has received various requests for the use of building space for a wide variety of non-profit uses. Most non-profit organizations do not have the necessary financial capacity and will likely have an expectation that the City will fund ongoing costs such as realty tax, operating, general and capital maintenance, which would be substantive at this property.

However, the City could consider utilizing this property to consolidate a collection of various non-profit group requirements. The City's overall cost of accommodating several different non-profit occupiers at one site might be mitigated, however, this is not known for certain

without performing a comprehensive feasibility study of issues associated to consolidating these types of occupancies and evaluation of the associated costs. This would require considerable time and resource to complete.

Alternative 3 - Demolish the Existing Building and Hold the Vacant Lands for Future Development

The RFP provided an opportunity for a Proponent to propose demolition of the existing building. Although a proposal was not received in this regard, there is an opportunity for the City to proceed with demolishing the main clubhouse building and outdoor pool and to hold the vacant lands for future development.

The demolition of the building would be completed by the Civic Accommodations Department. The demolition of the main building and outdoor pool would remove the major site impediment for potential future uses and would significantly mitigate the City's exposure to risk and liability inherent with holding a building vacant.

During the interim period until such time the lands would be redeveloped, the Department could continue to facilitate the two existing recreational uses of tennis and rowing by way of seasonal Facility Use Agreements.

3. Proposed Plan of Action:

Given the continuing interest in the site, the Planning, Property and Development Department recommends that it proceed with Alternative 1 to issue a public Invitation for Offers to Purchase.

The Invitation would be publicly advertised and all parties on file that have expressed an interest as well as the real estate community would be notified. The Invitation would include an open house and be open for acceptance of offers for a period of (15) fifteen days. All offers received will be reported upon to the Standing Policy Committee on Property and Development for its consideration.

Proposed Timeline:

Prepare and Advertise Invitation	February 2004
Open for Fifteen Days to close in	March 2004
Prepare Report for submission to the SPCPD	April 2004

In the event that there are no acceptable Offers to Purchase, the Department would also report accordingly with a recommendation that the main building and pool be demolished.

Financial Impact Statement

Date: 6-Jan-04

RE: 50 Dunkirk Drive - Results of the Request for Proposal No. 832-2002 and Proposed Future Plan of Action

COMMENTS:

There are no costs associated with the report recommendations. Any associated costs will be reflected in a future report.

Gord Courage, Manager
Support Services Division

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Material Management Branch
Legal Services with respect to Recommendation No. 1
This report submitted by:

Planning, Property and Development Department
Division: Real Estate
Prepared by: D. Armstrong
PPD File #: 7611/H

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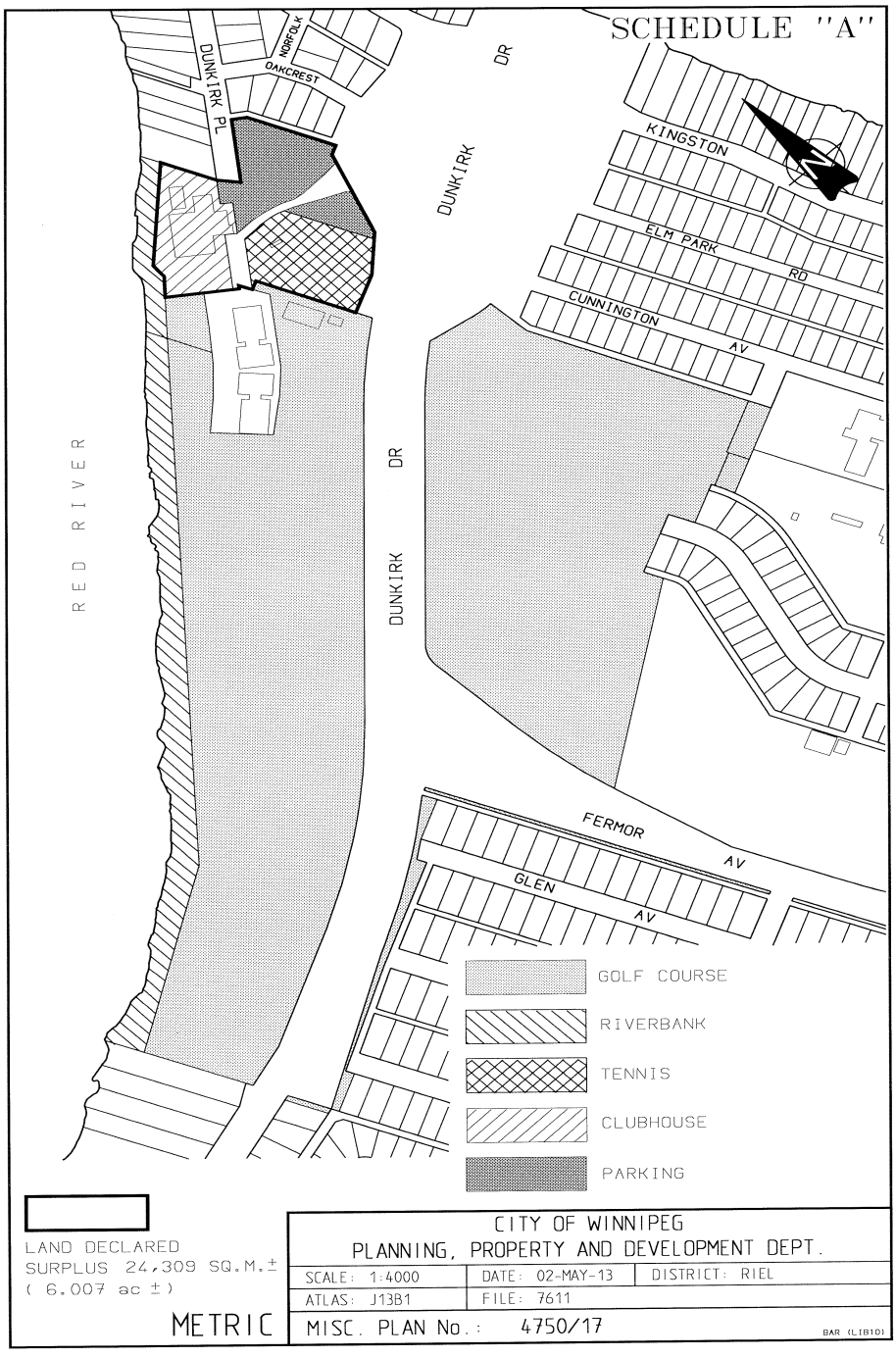
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