Agenda – Council – September 26, 2019

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

Item No. 4 Sale of the City-owned Property located at 1400 Henderson Highway (North Kildonan Ward)

STANDING COMMITTEE RECOMMENDATION:

On September 17, 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 following to Council:

1. That the sale of the City-owned property located at 1400 Henderson Highway, identified as "Subject City Property" on Misc. Plan No. 10980/3 (attached as Schedule A), to A2A Homes Limited for a purchase price of $1,550,000.00 be approved, subject to the following condition:

    A. That 10% of the net proceeds of the sale be redirected from the Land Operating Reserve to the North Kildonan Ward Land Dedication Reserve Fund.

2. That the City enter into, execute and deliver an Offer to Purchase with A2A Homes Limited 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").

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Offer to Purchase 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.

4. 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 – September 4, 2019

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 17, 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 September 4, 2019, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service, with the following amendment:

- In Recommendation 1, add the following wording immediately after "$1,550,000.00, be approved":

  ", subject to the following condition:

  A. That 10% of the net proceeds of the sale be redirected from the Land Operating Reserve to the North Kildonan Ward Land Dedication Reserve Fund,

and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Proposed Sale of the City-owned Property located at 1400 Henderson Highway

Critical Path: The Standing Policy Committee on Property and Development, Heritage and Downtown Development

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Pittet	J. Kiernan	B. D'Avignon, Acting Interim CFO	D. Wardrop, Acting Interim CAO

EXECUTIVE SUMMARY

The City-owned property located at 1400 Henderson Highway ("Subject City Property") shown outlined on the attached Misc. Plan No. 10980/3 was marketed for sale in June and July, 2019 with an asking price of $1,350,000.00.

The Public Service received three Offers to Purchase and recommends the sale of the Subject City Property to A2A Homes Limited for $1,550,000.00.

RECOMMENDATIONS

1. That the sale of the City-owned property located at 1400 Henderson Highway, identified as "Subject City Property" on Misc. Plan No. 10980/3 (attached as Schedule A), to A2A Homes Limited for a purchase price of $1,550,000.00 be approved.

2. That the City enter into, execute and deliver an Offer to Purchase with A2A Homes Limited 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").

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Offer to Purchase 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.

4. 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

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 condition I of the CAO's delegated 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, operational, human resources or other implications associated with this report.

The City's standard terms and conditions of the sale include provisions to protect the City's interests in the event that environmental contamination is discovered. The Subject City Property contains asbestos, which has been tested and is in good condition.

The recommended 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 for sale to the general public.

The net proceeds of the sale will be deposited into the Land Operating Reserve.

HISTORY/DISCUSSION

The Subject City Property is improved with a one-story building originally occupied by the former Rural Municipality of North Kildonan that was constructed in 1956. From 2004 until 2016, the property was managed by the Municipal Accommodations Division for civic purposes such as a Community Police Station.

On October 24, 2017, the Real Estate Branch circulated the Subject City Property to all City Departments and no civic need was identified. The Parks and Open Space Division does not list 1400 Henderson Highway within their park inventory and it is not considered a park.

The property is currently under the jurisdiction of the Planning, Property and Development Department and is zoned for a commercial use.

On July 19, 2018, Council declared the Subject City Property as surplus to the City's needs.

In advance of marketing the site, an internal appraisal of the Subject City Property was completed. The appraisal's highest and best use was determined to be a mixed commercial and multi-family use based on its zoning and classification within OurWinnipeg as a Transformative Area under Centres and Corridors.

The Subject City Property was marketed for $1,350,000.00 from June to July, 2019. The Public Service used a variety of marketing tools for the listing, including internet advertising, property signage and open houses. Bids were received until July 12, 2019.

The Public Service received three bids which were as follows:

- $1,350,000.00 with additional conditions
- $1,400,000.00 with additional conditions
- $1,550,000.00 with no conditions.

After evaluating the submissions, the Public Service recommends approval of the offer received from A2A Homes Limited for the purchase price of $1,550,000.00.

The Public Service supports and recommends approval of the proposed sale of the Subject City Property to A2A Homes Limited for the following reasons:

- The price being offered by A2A Homes is above the appraised value;
- The property would be placed on the tax roll at the closing of the sale;
- The sale will eliminate the liability for the City associated with holding this property.

The closing date is set for November 9, 2019 or such other date as mutually agreed to by the parties and approved by the City's Director of Planning, Property and Development.

The Ward Councillor has been consulted regarding the intentions of the Department.

FINANCIAL IMPACT

Financial Impact Statement

Date: July 29, 2019

Project Name:

Proposed Sale of the City-owned Property located at 1400 Henderson Highway

First Year of Program **2019**

	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	$ 417,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	1,550,000	-	-	-	-
Net Cost/(Benefit)	$ (1,133,000)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(660,000)	-	-	-	-
Net Budget Adjustment Required	$ (473,000)	$ -	$ -	$ -	$ -

Additional Comments: Direct costs consist of the net book value of the land and building. Revenues represent the sale price recommended for acceptance. Actual net benefit of $1.133M compares to budgeted net benefit of $0.66M. While actual net benefit exceeds budgeted net benefit by $0.473M, ***no budget adjustment is required***. Net proceeds will be credited to the Land Operating Reserve.

"Original signed by"

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

Legal Services, as to legal issues
Public Works Department

OURWINNIPEG POLICY ALIGNMENT

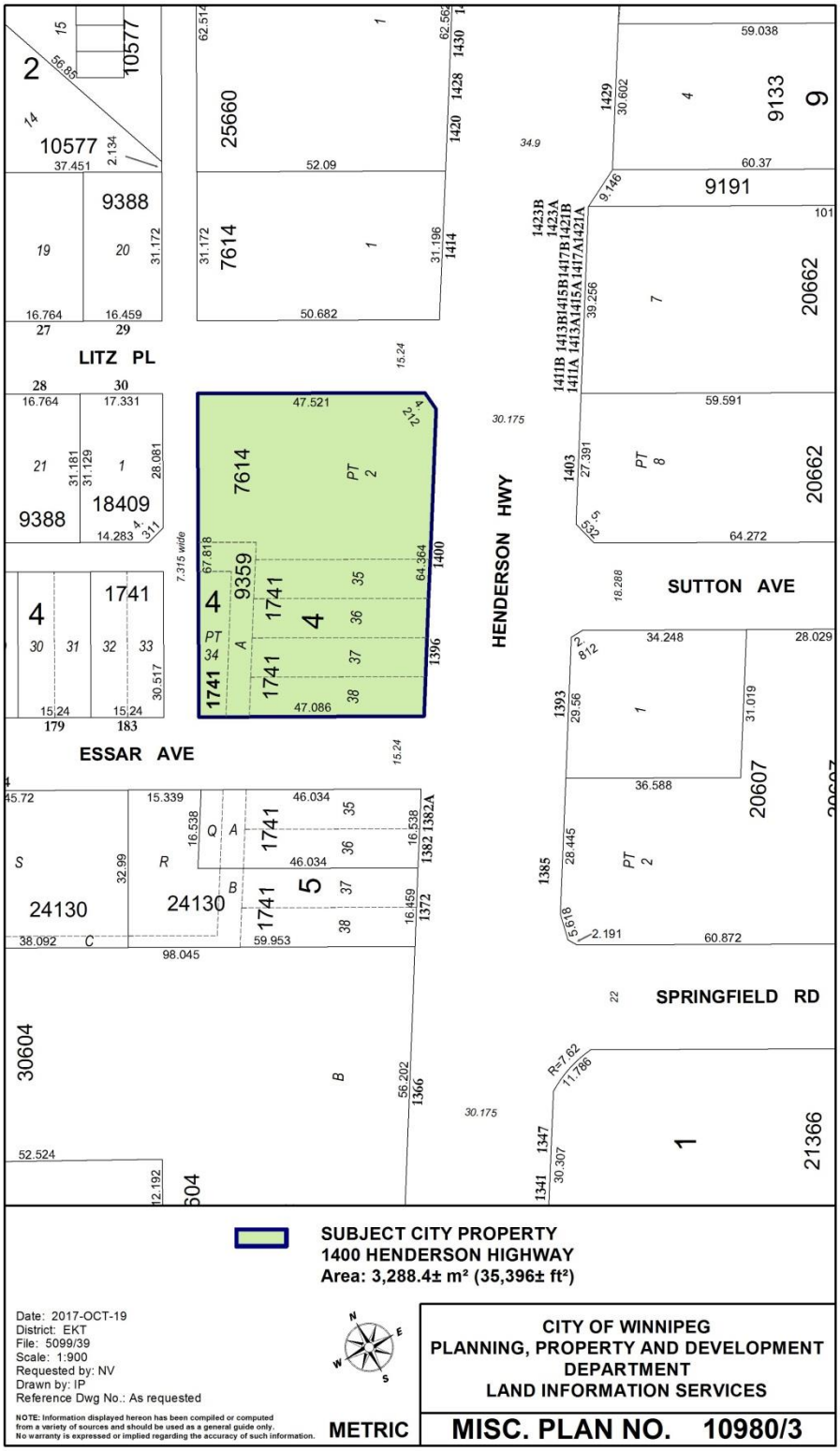
The Subject City-owned Property falls under the Transformative Areas, Centres and Corridors portion of OurWinnipeg. Direction 1 focuses on a broad mix of residential, employment and retail development within strategic locations along corridors. Direction 2 states that where appropriate, develop corridors in accordance with transit oriented development principles.

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate
Prepared by: Nik Vujadin
Date: August 7, 2019
File No:

Attachments:
Schedule A – Misc. Plan 10980/3

Schedule – A


LITZ PL
ESSAR AVE
HENDERSON HWY
SUTTON AVE
SPRINGFIELD RD
SUBJECT CITY PROPERTY
1400 HENDERSON HIGHWAY
Area: 3,288.4± m² (35,396± ft²)
Date: 2017-OCT-19
District: EKT
File: 5099/39
Scale: 1:900
Requested by: NV
Drawn by: IP
Reference Dwg No.: As requested
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.
METRIC
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPARTMENT
LAND INFORMATION SERVICES
MISC. PLAN NO. 10980/3