Agenda – Council – December 12, 2019

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – November 18, 2019

Item No. 6 Land Exchange between the City of Winnipeg and Qualico Developments (Winnipeg) Ltd. – Waverley West Neighborhood 'B' and Old Kildonan
(Waverley West and Old Kildonan Wards)

STANDING COMMITTEE RECOMMENDATION:

On December 3, 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 City land identified as "Subject City Property" on Misc. Plan No. 14554/6 (attached hereto as Schedule A) be declared surplus to the City's needs.

2. That, subject to approval of Recommendation No. 1, the exchange of the land identified as "Subject City Property" on Misc. Plan No. 14554/6 for the property identified as "Precinct G Lands" on Misc. Plan No. 14216/8 be approved, subject to Qualico Developments (Winnipeg) Ltd. entering into a Land Exchange Agreement with the City.

3. That the City enter into, execute and deliver a Land Exchange Agreement with Qualico Developments (Winnipeg) Ltd. and such other agreements 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 Director of Planning, Property and Development to negotiate and approve the terms of the Land Exchange Agreement and the Ancillary Agreements in accordance with Schedule C to 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 – November 18, 2019

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 3, 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 November 18, 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.

M. Pittet, Manager of Real Estate and Land Development, Planning, Property and Development Department, submitted documentation in support of the matter.

ADMINISTRATIVE REPORT

Title: Proposed Land Exchange between the City of Winnipeg and Qualico Developments (Winnipeg) Ltd. – Waverley West Neighborhood 'B' and Old Kildonan

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	P. Olafson, Interim CFO	M. Jack, Acting Interim CAO

EXECUTIVE SUMMARY

Qualico Developments (Winnipeg) Ltd. ("Qualico") is interested in acquiring certain City property as shown on Misc. Plan 14554/6, attached hereto as Schedule A, (the "City Property") for inclusion in a proposed development plan.

The Water and Waste Department is interested in acquiring lands owned by Qualico as shown on Misc. Plan No. 14216/8, attached hereto as Schedule B, (the "Precinct G Lands") for potential future development of either a lab facility or a maintenance facility.

The City and Qualico have agreed to a land exchange for the above noted properties. External appraisals were completed and the difference in value between the City Property and the Precinct G Lands is $63,000.00 in favour of the City. Accordingly, this difference will be paid by Qualico to the City.

Council approval is required for an exchange of land and to declare land surplus to the needs of the City. The net proceeds of the transaction will be deposited in the Land Operating Reserve.

RECOMMENDATIONS

1. That the City land identified as "Subject City Property" on Misc. Plan No. 14554/6 (attached hereto as Schedule A) be declared surplus to the City's needs.

2. That, subject to approval of Recommendation No. 1, the exchange of the land identified as "Subject City Property" on Misc. Plan No. 14554/6 for the property identified as "Precinct G Lands" on Misc. Plan No. 14216/8 be approved, subject to Qualico Developments (Winnipeg) Ltd. entering into a Land Exchange Agreement with the City.

3. That the City enter into, execute and deliver a Land Exchange Agreement with Qualico Developments (Winnipeg) Ltd. and such other agreements 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 Director of Planning, Property and Development to negotiate and approve the terms of the Land Exchange Agreement and the Ancillary Agreements in accordance with Schedule C to 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 Properties, adopted by Council on July 19, 1979 requires Council approval to declare land surplus to the City's requirements.
Council approval is also required to enter into a Land Exchange Agreement.

IMPLICATIONS OF THE RECOMMENDATIONS

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

The proposed acquisition and sale of lands is in accordance with the "Offer to Purchase City-owned Property Policy". The Public Service may act on unsolicited Offers for City-owned property that involves an exchange of land, where the privately owned land is required by a City Department for public use, subject to the City-owned land being declared surplus.

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 net proceeds of the land exchange will be deposited in the Land Operating Reserve Fund (see attached Schedule D). The City is a G.S.T. registrant and will self-assess G.S.T. on the acquisition price.

HISTORY/DISCUSSION

The City of Winnipeg is the owner of the Subject City Property (identified in Schedule A), located in the Waverley West Neighborhood "B". The Subject City Property is currently vacant land and is under the jurisdiction of the Planning, Property and Development Department. Qualico inquired about the availability of the Subject City Property, as they were coordinating a development with the surrounding private property.

Qualico is the owner of the Precinct G Lands (identified in Schedule B) which are located in Old Kildonan, directly adjacent to 27 acres +/- of City-owned land under the jurisdiction of the Water and Waste Department. The Water and Waste Department is interested in acquiring the privately owned property and has determined the Precinct G Lands have a potential future use as a lab or maintenance facility.

Qualico proposed a land exchange between the Subject City Property and the Precinct G Lands. The Public Service circulated the Subject City Property to City departments and no civic needs were identified.

On June 20, 2019, Council approved the Secondary Plan for Waverley West Neighbourhood 'B'. The purpose of the secondary plan is to determine a future land use pattern and establish policies to ensure the future orderly development of the plan area.

The Land Exchange Agreement will include the terms and conditions as set out in Schedule "C" of this report in which:

- Qualico would acquire the Subject City Property from the City for the purchase price of one million twenty three thousand dollars ($1,023,000.00) plus applicable G.S.T.

- The City would acquire the Precinct G Lands from Qualico for the purchase price of nine hundred sixty thousand dollars ($960,000.00) plus applicable G.S.T.

- The difference in value between the Subject City Property and the Precinct G Lands is sixty three thousand dollars ($63,000) in favour of the City.

The proposed sale/purchase prices were established by an external appraisal. The external appraisal considered the highest and best use of the Subject City Property for assembly with adjacent lands for planned development including institutional, residential and commercial land uses. The highest and best use of the Precinct G Lands as vacant is for light industrial usage due to the proximity to a rail line and proposed sewage treatment plant.

It is noted that the external appraisal of the Subject City Property included additional Waverley West Neighbourhood 'B' land not included in the proposed land exchange. The appraiser confirmed to the Public Service that the per-acre value in the appraisal could be applied proportionately to the Subject City Property. A revised appraisal was not considered necessary.

The proposed acquisition and sale of lands is in accordance with the "Offer to Purchase City-owned Property Policy" where the Department may act on unsolicited Offers for City-owned property that involves an exchange of land, where the privately owned land is required by a City Department for public use, subject to the City-owned land being declared surplus.

The Ward Councillor was consulted and did not concur with the land exchange.
Should Council approve the exchange of land, it is anticipated that the transaction will close on or around March 31, 2020. As part of the negotiated agreement, the City intends to complete an Environmental Site Assessment on the Precinct G Lands.
For complete disclosure, the Subject City Property was part of a failed negotiation with Qualico for a different land exchange in 2017.

FINANCIAL IMPACT

Financial Impact Statement

Date: October 17, 2019

Project Name:

First Year of Program **2019**

Proposed Land Exchange between the City of Winnipeg and Qualico Developments (Winnipeg) Ltd. – Waverley West Neighborhood 'B' and Old Kildonan

	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-Proceeds of Disposition-City Property	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 960,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	1,023,000	-	-	-	-
Net Cost/(Benefit)	$ (63,000)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(63,000)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs represent the appraised value of the land to be acquired by the City while incremental revenue represents the appraised value of the land to be disposed of. Net proceeds of $63,000 will be credited to the Land Operating Reserve. After distribution of proceeds in accordance with Council policies, there will be a $39,300 decrease to the Reserve's unallocated equity balance as per attached Schedule D.

"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)
Water and Waste Department

OURWINNIPEG POLICY ALIGNMENT

Sustainable Water and Waste

Policy 1: Manage investments in physical assets including infrastructure, fleet, and facilities to ensure sustainable and effective procurement, maintenance, replacement and disposal.

Complete Communities

Direction 4: Major redevelopment sites will provide for complete communities with significant levels of mixed use, high density development, with strong urban design and attractive parks, places and open spaces.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Land Use: Facilitate Compact, Complete Development and Increase Density

Section 4.1 - Increase Strategic Infill Development That Provides Access to and Capitalize on Existing and Planned Corridors with Frequent Transit Service

Infill development in areas close to transit infrastructure and other amenities can reduce long term municipal infrastructure costs, and positively contribute to the number of people effectively served by transit.

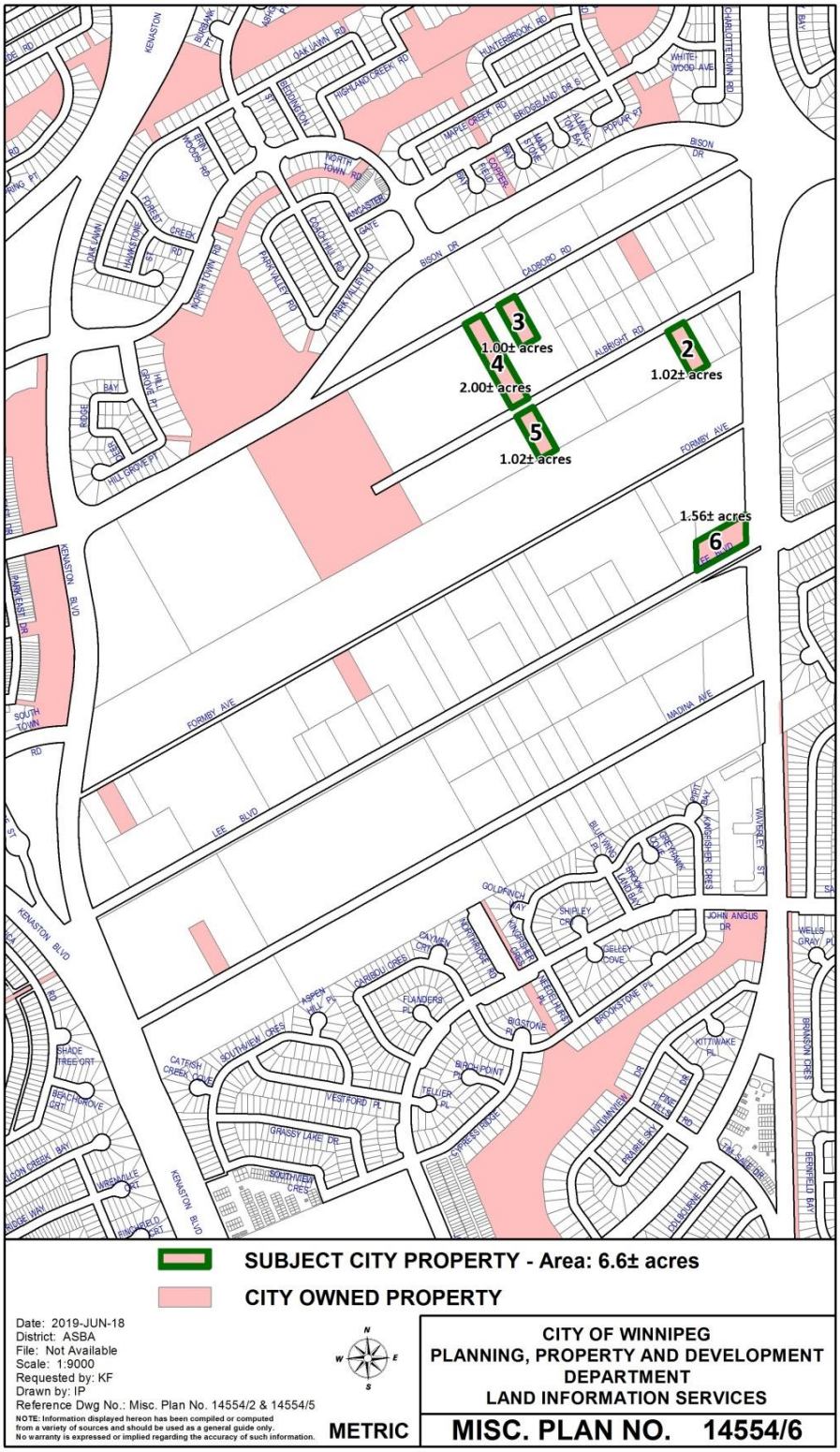
SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Senior Negotiator, Kim Fox
Date: October 28, 2019
File No:

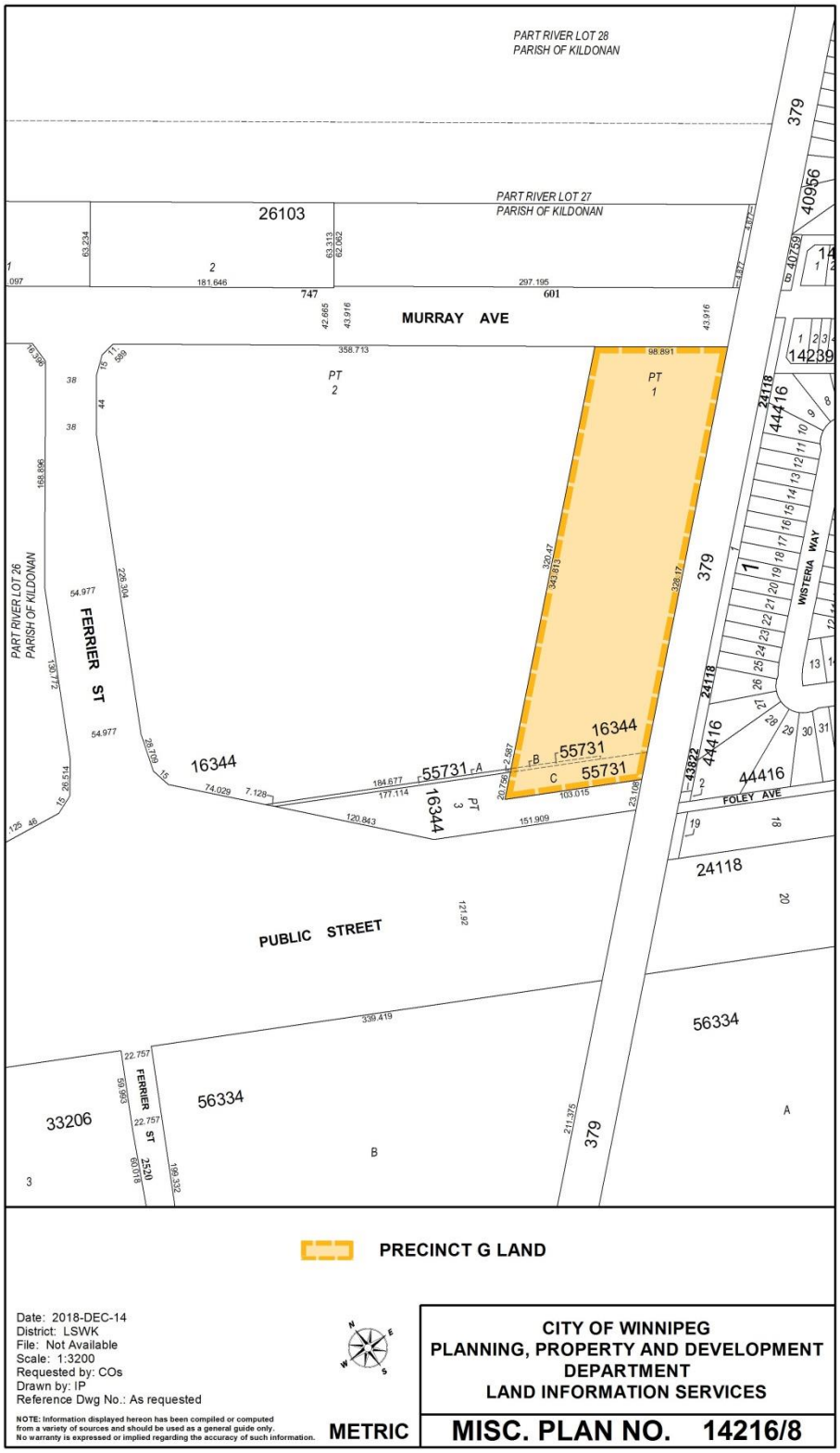
Attachments:

Schedule A – Misc. Plan No. 14554/6
Schedule B – Misc. Plan No. 14216/8
Schedule C – Terms and Conditions
Schedule D – Financial Summary

Schedule A


3
1.00± acres
4
2.00± acres
2
1.02± acres
5
1.02± acres
1.56± acres
6
SUBJECT CITY PROPERTY - Area: 6.6± acres
CITY OWNED PROPERTY
Date: 2019-JUN-18
District: ASBA
File: Not Available
Scale: 1:9000
Requested by: KF
Drawn by: IP
Reference Dwg No.: Misc. Plan No. 14554/2 & 14554/5
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. 14554/6

Schedule B


PART RIVER LOT 28
PARISH OF KILDONAN
PART RIVER LOT 27
PARISH OF KILDONAN
26103
MURRAY AVE
PT 2
PT 1
379
40956
14239
24118
44416
WISTERIA WAY
FERRIER ST
PART RIVER LOT 26
PARISH OF KILDONAN
16344
55731
A
B
C
PT 3
FOLEY AVE
43822
PUBLIC STREET
121.92
24118
56334
33206
FERRIER ST
PRECINCT G LAND
Date: 2018-DEC-14
District: LSWK
File: Not Available
Scale: 1:3200
Requested by: COs
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. 14216/8

Schedule C

Parties:	The City of Winnipeg Qualico Developments (Winnipeg) Ltd.
Lands to be Exchanged:	"Subject City Property" on Misc. Plan 14554/6 (Schedule "A") "Precinct G Land" on Misc. Plan 14216/8 (Schedule "B")
Additional Consideration:	Qualico Developments (Winnipeg) Ltd. shall pay the City of Winnipeg $63,000.00.
Closing Date:	The Date of Closing, Possession and Adjustments shall be one hundred twenty (120) days following the date of final approval by the City of Winnipeg's Council, or its delegated authority, or such earlier or later date as mutually agreed to and approved by the Director of the City's Planning, Property and Development Department.
Indemnification:	The City and Qualico will each indemnify the other during the due diligence period of the transaction in respect of any work done by the other in pursuance of the Environment Site Assessment.
Other Terms:	The City and Qualico may perform an Environmental Site Assessment on the other party's property. The transaction may be terminated if the Environment Site Assessment is not to the satisfaction of the party conducting the assessment.

Schedule D

Sale Price of Subject City Property		$1,023,000
Less:		
Gail Parvin Hammerquist Fund - 5%	$(51,150)	
Enhanced Land Marketing Program - 5%	(51,150)	(102,300)
Net Proceeds Available for Proposed Acquisition		920,700
Less:		
Proposed Acquisition Cost		(960,000)
Net Decrease to Equity in the Land Operating Reserve		$ (39,300)