Agenda – Executive Policy Committee – October 20, 2020

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – October 16, 2020

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than four business days preceding the committee meeting, be considered by Committee.

Item No. 3 Proposed Sale of the John Blumberg Golf Course located at 4540 Portage Avenue

STANDING COMMITTEE RECOMMENDATION:

On October 16, 2020, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the surplus City-owned property located at 4540 Portage Avenue, known as the John Blumberg Golf Course and identified as "Subject City Property" on Misc. Plan No. 14454/3, be marketed through a Request for Proposals which will include the option to purchase or enter into a joint venture.

2. That the Council policy requiring that cash payments received from the sale of surplus Parks and Recreation lands, not covered by Section 262 of the City of Winnipeg Charter, be deposited in the Cash in Lieu of Land Dedication Reserve Fund to the credit of each community be waived in this instance.

3. That 90% of the net sale proceeds be deposited into the Transformative Fund (yet to be established formally by Council).

4. That, should the criteria for the Transformative Fund not be adopted by Council prior to a completed sale of the Subject City Property, the 90% of net sale proceeds be temporarily held in the Land Operating Reserve Fund.

5. That 10% of the net sale proceeds be retained by the Winnipeg Golf Services Special Operating Agency, up to $700,000, to offset wind-up costs arising from the sale; should funds remain after windup costs have been addressed, it is recommended that said funds be directed to future capital investment in City of Winnipeg golf courses.

6. 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 – October 20, 2020

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – October 16, 2020

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On October 16, 2020, 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.

David Linton submitted a communication dated October 15, 2020 in opposition to the matter.

ADMINISTRATIVE REPORT

Title: Proposed Sale of the John Blumberg Golf Course located at 4540 Portage Avenue

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. Ruta, Interim CAO

EXECUTIVE SUMMARY

On March 20, 2020, Council instructed the Public Service to report back within 180 days with a recommendation to sell or enter into a joint venture for the disposition of the John Blumberg Golf Course ("Subject City Property").

The Public Service recommends that the John Blumberg Golf Course be marketed through a Request for Proposals which will include the option to purchase or enter into a joint venture. A Request for Proposals will include a weighted selection process to ensure that desired criteria are met by the successful proponent.

Council has directed that a portion of the proceeds from the disposition of the John Blumberg Golf Course be deposited into a newly established "Transformative Fund", separate and distinct from the current Land Operating Reserve Fund. The Transformative Fund, which is yet to be established formally by Council, is intended to support investments that transform the delivery of services and reduce the City's infrastructure deficit with a focus on recreation and public green space, including the preservation, protection and enhancement of Winnipeg's tree canopy. A majority of the proceeds deposited into the Transformative Fund are to be re-invested within the area in which the funds are generated.

It is recommended that 10% of the net sale proceeds be retained by the Winnipeg Golf Services Special Operating Agency to offset wind-up costs arising from the sale and that 90% of the remaining net sale proceeds be deposited into the Transformative Fund.

Should the criteria for the Transformative Fund not be adopted by Council prior to a completed sale of the Subject City Property, it is recommended that 90% of the sale proceeds be temporarily held in the Land Operating Reserve Fund.

RECOMMENDATIONS

1. That the surplus City-owned property located at 4540 Portage Avenue, known as the John Blumberg Golf Course and identified as “Subject City Property” on Misc. Plan No. 14454/3, be marketed through a Request for Proposals which will include the option to purchase or enter into a joint venture.

2. That the Council policy requiring that cash payments received from the sale of surplus Parks and Recreation lands, not covered by Section 262 of the City of Winnipeg Charter, be deposited in the Cash in Lieu of Land Dedication Reserve Fund to the credit of each community be waived in this instance.

3. That 90% of the net sale proceeds be deposited into the Transformative Fund (yet to be established formally by Council).

4. That, should the criteria for the Transformative Fund not be adopted by Council prior to a completed sale of the Subject City Property, the 90% of net sale proceeds be temporarily held in the Land Operating Reserve Fund.

5. That 10% of the net sale proceeds be retained by the Winnipeg Golf Services Special Operating Agency, up to $700,000, to offset wind-up costs arising from the sale; should funds remain after windup costs have been addressed, it is recommended that said funds be directed to future capital investment in City of Winnipeg golf courses.

6. That the proper officers of the City do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On March 20, 2020, Council instructed the Public Service to report to the Standing Policy Committee on Property and Development, Heritage and Downtown Development within 180 days with a recommendation to sell or enter into a joint venture in respect of John Blumberg Golf Course or the land on which the John Blumberg Golf Course is situated and that a portion of the sale/development proceeds be deposited into the Transformative Fund.

Council approval is required to redirect sale proceeds that do not align with Council policy.

IMPLICATIONS OF THE RECOMMENDATIONS

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

A sale of the Subject City Property will require approval from two-thirds of all members of Council pursuant to Section 205(2) of the City of Winnipeg Charter. Completion of the sale will not occur until the surplus property is subdivided from the lands to be retained by the City of Winnipeg and access/easements are negotiated.

A portion of the net proceeds from the sale of the Subject City Property will be deposited in a newly established Transformative Fund (yet to be established formally by Council) to assist with reducing the City's infrastructure deficit with a focus on recreation. Should the criteria for the Transformative Fund not be adopted by Council prior to a completed sale of the Subject City Property, the sale proceeds would be temporarily held in the Land Operating Reserve Fund.

The Subject City Property is a functioning golf course that is operated through a management agreement. Upon the sale of the Subject City Property, it would be both the City's and the current operator's preference to have the management agreement assigned to the purchaser. Assignment of the management agreement would allow the golf course to operate while development approvals are obtained from the R.M. of Headingley. Termination of the agreement may result in costs to the City.

A sale of the Subject City Property does not have any property tax implications, as tax revenue is collected and held by the R.M. of Headingley.

HISTORY/DISCUSSION

On July 23, 1964, Council approved the purchase of 270-280 acres of land in the Rural Municipality of Assiniboia; 150 acres was acquired for a new eighteen-hole golf course and the remainder for park purposes.

On May 29, 2013, City Council declared the "Subject City Property" surplus to its needs and directed the Public Service to market the property for sale; the net proceeds of the sale were to be held pending further direction from Council for re-investment in recreational amenities.

Marketing of the Subject City Property commenced in August 2013 but ended shortly thereafter due to a lease agreement dispute with the previous golf course operator. The agreement with the previous operator was terminated and a new operator was secured in 2017. The sale of the Subject City Property was held in abeyance while the City dealt with the previous operator's agreement dispute.

On March 20, 2020, Council approved the 2020-2023 Multi-Year-Operating and Capital Budget which provided direction for the Public Service to move forward with a sale or joint venture involving the Subject City Property.

The Public Service intends to issue a Request for Proposals ("RFP") to move forward with the sale or development of the Subject City Property.

The Public Service attempted to complete a sensitivity analysis to compare the sale and joint venture options. The joint venture option is difficult to analyze at the present time as limited information is available for development costs and land use mixture. Accepting both purchase and joint venture bids will allow for a detailed financial analysis, leveraging the forecasting expertise of qualified bidders. The Request for Proposals will evaluate the overall net present

value of the bids and consider the bidders proposed development plans along with their past history of development projects.

There are a variety of financial outcomes from both a sale or a joint venture. Issuing a Request for Proposals for both options will ensure the best return for the City.

It is noted that the golf course operator is currently on a one-year renewal (two, one-year renewals remain).

Ten percent of the net sale proceeds, as laid out in this report, are recommended to be retained by Winnipeg Golf Services Special Operating Agency to offset wind-up costs that may arise from the sale, with any remaining funds to be directed to future capital improvements at City-operated golf courses.

Distribution of Net Proceeds of Disposition

As of the date of this report, the net book value of the assets comprising John Blumberg Golf Course amounts to $1,678,000. Assuming that selling costs (e.g. sales commission, advertising) are $200,000 based on a $10,000,000 hypothetical sale, the cost of land sold will be $1,878,000 and the net proceeds of disposition would be $8,122,000. In accordance with Council policy, 5% or $500,000 would be allocated to each of the Gail Parvin Hammerquist Fund and the Enhanced Land Marketing Program, leaving remaining net proceeds of $7,122,000. Of this, $712,200 would be retained by Winnipeg Golf Services SOA to accommodate wind-up costs and $6,409,800 would be transferred to the Transformative Reserve Fund.

The future of the Subject City Property has been unclear since the declaration of surplus in 2013. Golf Services continued to operate the course as part of their inventory, but the uncertainty surrounding the property left the business model in an unprofitable position. If not for the delay in selling the Subject City Property, Golf Services would have otherwise directed funding used for course operations towards other capital needs in their inventory. As a result, Golf Services recommends that 10% of net sale proceeds be used for Subject City Property wind-up costs and reinvestment into future capital needs.

FINANCIAL IMPACT

Financial Impact Statement

Date: August 26, 2020

Project Name:

First Year of Program **2021**

Proposed Sale of the John Blumberg Golf Course Located at 4540 Portage Avenue

	2021	2022	2023	2024	2025
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	$ 1,878,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	10,000,000	-	-	-	-
Net Cost/(Benefit)	$ (8,122,000)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (8,122,000)	$ -	$ -	$ -	$ -

Additional Comments: Revenue represents a hypothetical sale amount of $10,000,000 while direct costs consist of the property's net book value of $1.678 million and assumed selling expenses (e.g. realty commissions, advertising, etc.) of $200,000. Of the $8,122,000 in net proceeds realized, $500,000 (i.e. 5% of hypothetical gross revenue of $10,000,000) would be allocated to each of the Gail Parvin Hammerquist Fund and Enhanced Land Marketing Program, leaving remaining net proceeds of $7,122,000. Of this, $712,200 would be retained by WGS SOA and $6,409,800 would be transferred to a new Transformative Reserve Fund (yet to be formally established by Council). In the event of a joint venture resulting from the RFP, the financial results will vary, perhaps materially, from what is presented here.

Mike McGinn August 26, 2020

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
Winnipeg Golf Services

OURWINNIPEG POLICY ALIGNMENT

N/A – the land lies outside the City limits

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

7.2 Increase and Preserve Tree Canopy

Ninety percent of the sale proceeds are recommended to be deposited in the proposed Transformative Fund. The Transformative Fund will be used to support investments that transform the delivery of services and reduce the City's infrastructure deficit with a focus on recreation, public green space as well as preservation, protection and enhancement of Winnipeg's tree canopy.

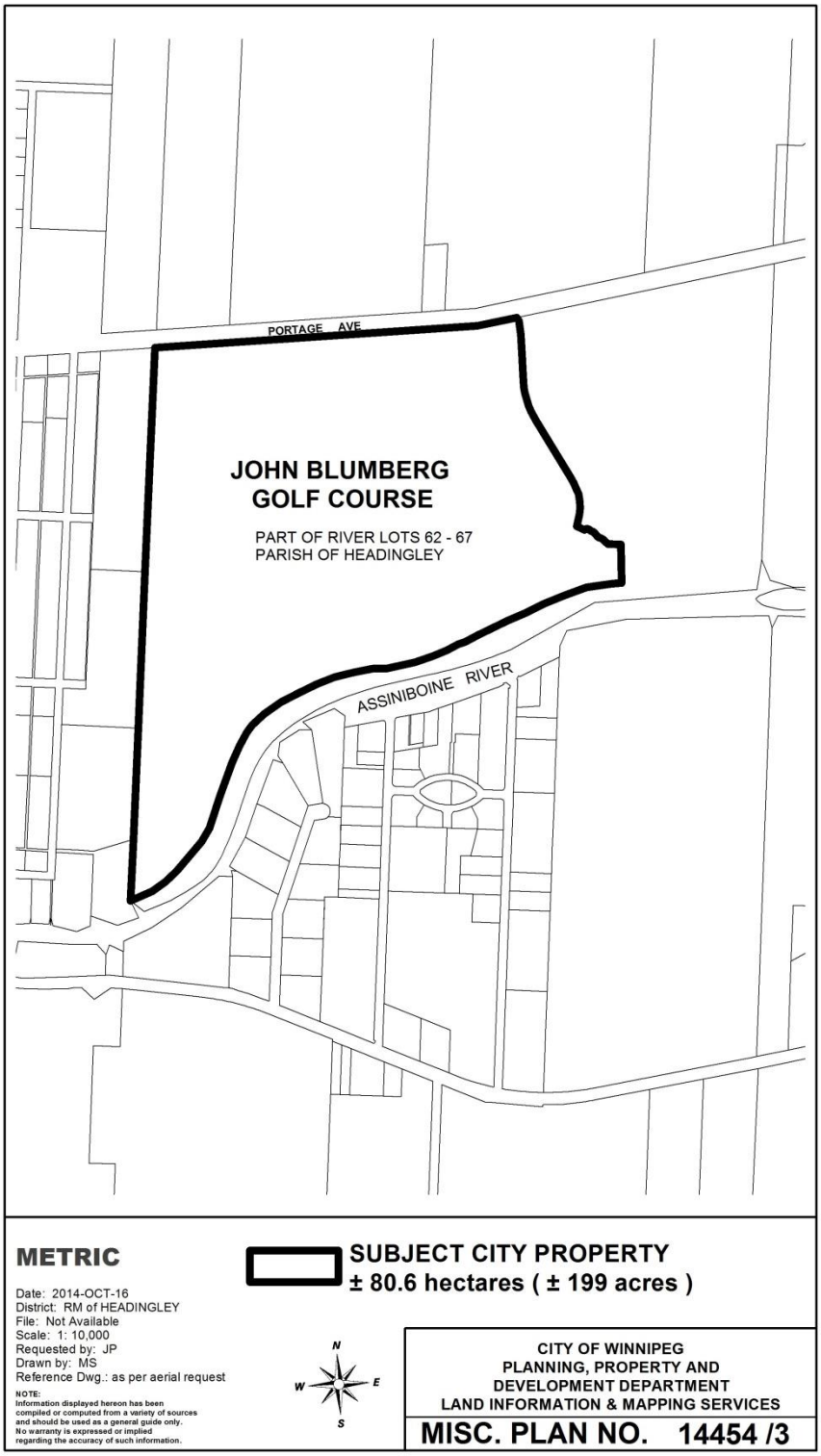
SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Leah Furedi, Senior Negotiator
Date: August 26, 2020
File No:

Attachments:

Schedule A - Misc. Plan No. 14454/3

SCHEDULE A


PORTAGE AVE
JOHN BLUMBERG
GOLF COURSE
PART OF RIVER LOTS 62 - 67
PARISH OF HEADINGLEY
ASSINIBOINE RIVER
METRIC
Date: 2014-OCT-16
District: RM of HEADINGLEY
File: Not Available
Scale: 1: 10,000
Requested by: JP
Drawn by: MS
Reference Dwg.: as per aerial request
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.
SUBJECT CITY PROPERTY
± 80.6 hectares (± 199 acres)
N
W
E
S
CITY OF WINNIPEG
PLANNING, PROPERTY AND
DEVELOPMENT DEPARTMENT
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 14454 /3