Agenda – Council – February 25, 2021

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – February 12, 2021

Item No. 2 Acquisition of the Murray Rougeau Park Lots (Transcona Ward)

STANDING COMMITTEE RECOMMENDATION:

On February 17, 2021, 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 acquisition of the Murray Rougeau Park Lots, identified as "Subject Property" on Miscellaneous Plan 14674/2 (attached hereto as Schedule A), be approved.

2. That the Council-approved criteria for disbursements charged to the Land Operating Reserve be waived in this instance and the Fund Manager be authorized to fund the purchase price and ancillary expenses (statement of adjustments, application fees, survey costs, registration fees, etc.) for the Murray Rougeau Park Lots acquisition out of the Land Operating Reserve to a maximum of $75,000.

3. That subject to approval of Recommendation 1 and 2, the proposed Terms and Conditions for Murray Rougeau Park Lots, attached hereto as Schedule B, be approved.

4. That the City enter into, execute and deliver a Purchase and Sale Agreement with Novamet, 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").

5. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Purchase and Sale Agreement and 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.

6. That upon acquisition, the jurisdiction of the Subject Property be transferred from the Planning, Property and Development Department to the Parks and Open Space Division, Public Works Department.

7. 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 – February 12, 2021

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On February 17, 2021, 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 February 12, 2021, 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.

ADMINISTRATIVE REPORT

Title: Acquisition of the Murray Rougeau Park Lots

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

The Public Service recommends that the Land Operating Reserve Fund be used to pay up to $75,000 for the purchase price and ancillary expenses for the Murray Rougeau Park Lots (the "Subject Property"). The acquisition of the Subject Property will achieve the original design intent for the Ronald Houston Park.

The Public Service has been working for a number of years to acquire the Subject Property. The acquisition of these lots is required to remedy a discrepancy between the subdivision associated with DASZ 25/2011 and DASSF 538/12.

RECOMMENDATIONS

1. That the acquisition of the Murray Rougeau Park Lots, identified as "Subject Property" on Miscellaneous Plan 14674/2 (attached hereto as Schedule A), be approved.

2. That the Council-approved criteria for disbursements charged to the Land Operating Reserve be waived in this instance and the Fund Manager be authorized to fund the purchase price and ancillary expenses (statement of adjustments, application fees, survey costs, registration fees, etc.) for the Murray Rougeau Park Lots acquisition out of the Land Operating Reserve to a maximum of $75,000.

3. That, subject to approval of Recommendation 1 and 2, the proposed Terms and Conditions for Murray Rougeau Park Lots, attached hereto as Schedule B, be approved.

4. That the City enter into, execute and deliver a Purchase and Sale Agreement with Novamet, 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").

5. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Purchase and Sale Agreement and 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.

6. That, upon acquisition, the jurisdiction of the Subject Property be transferred from the Planning, Property and Development Department to the Parks and Open Space Division, Public Works Department.

7. 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

Council approval is required for any Land Operating Reserve-funded acquisition that does not meet the established, Council-adopted criteria for expenditures charged to the Land Operating Reserve Fund.

IMPLICATIONS OF THE RECOMMENDATIONS

The Land Operating Reserve has sufficient unallocated equity to absorb the cost to acquire the Murray Rougeau Park Lots. The City is a G.S.T. registrant and will self-assess, where applicable.

Subject to approval of the acquisition, the Public Service will apply for a DAZ to change the current R1-M zoning to PR-2.

HISTORY/DISCUSSION

Novamet Development Corporation (“Novamet”) is the owner and developer of land located adjacent to Ronald Houston Park within the Transcona neighbourhood of Canterbury Park. Several years ago, Novamet submitted an application to develop Phases 9 and 10 of Canterbury Park (DASZ 25/2011), which was approved by Council on September 28, 2011. A further subdivision of Phases 9 and 10 was approved through DASSF 538/2012.

During the circulation of DASSF 538/2012 in 2012, the Ward Councillor identified a concern that the ‘window’ from the street to Ronald Houston Park did not align with DASZ 25/2011. As such, Novamet agreed to sell the City two residential lots (150 and 154 Murray Rougeau Crescent) for a nominal fee to create a larger ‘window’ to the park from the street. Novamet also agreed to sell a small triangular lot – Roll 09010456900. The three Novamet properties are collectively called the “Subject Property” and are identified on Miscellaneous Plan 14674/2 (attached as Schedule A).

On September 17, 2013, the purchase agreement between the City and Novamet was signed. Following the execution of that agreement, Novamet provided the City with a Letter of Authorization to allow the City to apply for a DASZ as the sale was contingent on the City consolidating and rezoning the Subject Property. Council approved the aforementioned subdivision and rezoning (DASZ 16/2014) on December 10, 2014.

In 2016, the City attempted to register the subdivision at the Winnipeg Land Titles Office but was advised that the submitted plan would not create a Public Reserve as intended. To comply with the terms of the sale and Council approval, the City would have to re-apply for a DAZ and register a Plan of Public Reserve, not the Plan of Subdivision as per DASZ 16/2014.

The purchase agreement with Novamet had expired at this point and required revisions. The City entered into a new agreement with Novamet and contracted a surveyor for the preparation of a Plan of Public Reserve.

As Novamet had assumed the Subject Property would be acquired by the City, the outstanding taxes began to accumulate. In July of 2017, Novamet received notification from the City regarding a possible tax sale on the Subject Property.

In order to eliminate the outstanding taxes and purchase the Subject Property, the Public Service applied to the East Kildonan-Transcona Community Committee (EKT) for Land Dedication Reserve (LDR) funds to acquire these properties. On June 19, 2018 the LDR application was considered and received as information by the EKT Community Committee.

On July 25, 2019, Novamet redeemed the Subject Property out of tax sale at a cost of $27,158.59. Novamet remains committed to selling the Subject Property to the City, but the purchase price will be increased to the cost of the tax sale redemption plus taxes incurred since the redemption ($12,406.58).

With no other appropriate funding source, the Public Service recommends that the Land Operating Reserve (LOR) be used to acquire the Subject Property. Disbursements from the LOR are limited to the acquisition cost of properties for resale, and any other expenses directly related to the acquisition, sale and improvement of disposable City properties. Use of the Reserve's funds for any other purpose requires the authorization of City Council.

The LOR will be used to cover the repayment of taxes paid by Novamet ($39,585.17), the DAZ application cost (~$15,000), registration costs (~$1,000), and survey costs (~$5,000).

Repayment of Taxes	$39,585.17
DAZ application cost	$15,000.00
Survey costs	$ 5,000.00
Registration costs	$ 1,000.00
TOTAL	$60,585.17

The City agrees to be responsible for payment of all realty taxes, current penalties and arrears penalties on the Lands for the year 2020 and subsequent years. In the event that the Vendor has paid the realty taxes, current penalties and arrears penalties on the Lands for the year 2020 prior to the date for vacant possession, the parties agree that the Purchase Price will increase by such amount paid by the Vendor in 2020.

Out of pocket expenses related to the transaction include registration costs and school taxes (approximately $9,000) and possibly survey costs (depending on available resources). The remaining costs are largely internal transfers since outstanding taxes have been paid to Assessment and Taxation.

The transaction is expected to close once the DAZ application is complete, which will likely occur in mid-2021.

The Public Service has not completed an appraisal on the Subject Property, as the purchase price is simply the cost of tax arrears. In this regard, the Public Service may be non-compliant with the Real Estate Transaction Management Framework.

It is noted that the Real Estate Transaction Management Framework indicates that a Phase I Environmental Site Assessment should be completed on certain acquisitions. The Parks and Open Space Division has advised that an Assessment is not necessary due to limited risk.

FINANCIAL IMPACT

Financial Impact Statement

Date: December 30, 2020

Project Name:

First Year of Program **2021**

Acquisition of the Murray Rougeau Park Lots

	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	$ 75,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 75,000	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	75,000	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs represent an upset maximum amount consisting of land acquisition costs comprised of repayment of taxes paid by Novamet ($39,585), the DAZ application cost (~$15,000), registration costs (~$1,000), survey costs (~$5,000) and a contingency of up to $14,415 for any realty taxes, current penalties and arrears penalties on the Lands for the year 2020 and subsequent years that may be incurred.

Mike McGinn Dec. 30, 2020

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

Legal Services (as to Legal issues)

OURWINNIPEG POLICY ALIGNMENT

Under Parks, Places and Open Spaces in *Complete Communities*, Direction 4 states:

- Provide safe and accessible park spaces and a continuous and integrated linear parkway network that connects neighbourhoods and communities to their parks and other major city attractions.
- Continue to develop and improve pedestrian and bicycle friendly environments by expanding and enhancing the citywide multi-use path network.
- Complement and support the active transportation network by promoting the planning, provision and development of linear parks, along with signage and communication strategies, constantly striving for a more clearly defined and well integrated system.

Under Parks, Places and Open Spaces in *Complete Communities*, Direction 5 states:

- Balance the provision (scale, distribution and design) of Parks, Places and Open Spaces with density, demographics and distance.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Community Climate Resiliency

Key Directions & Actions

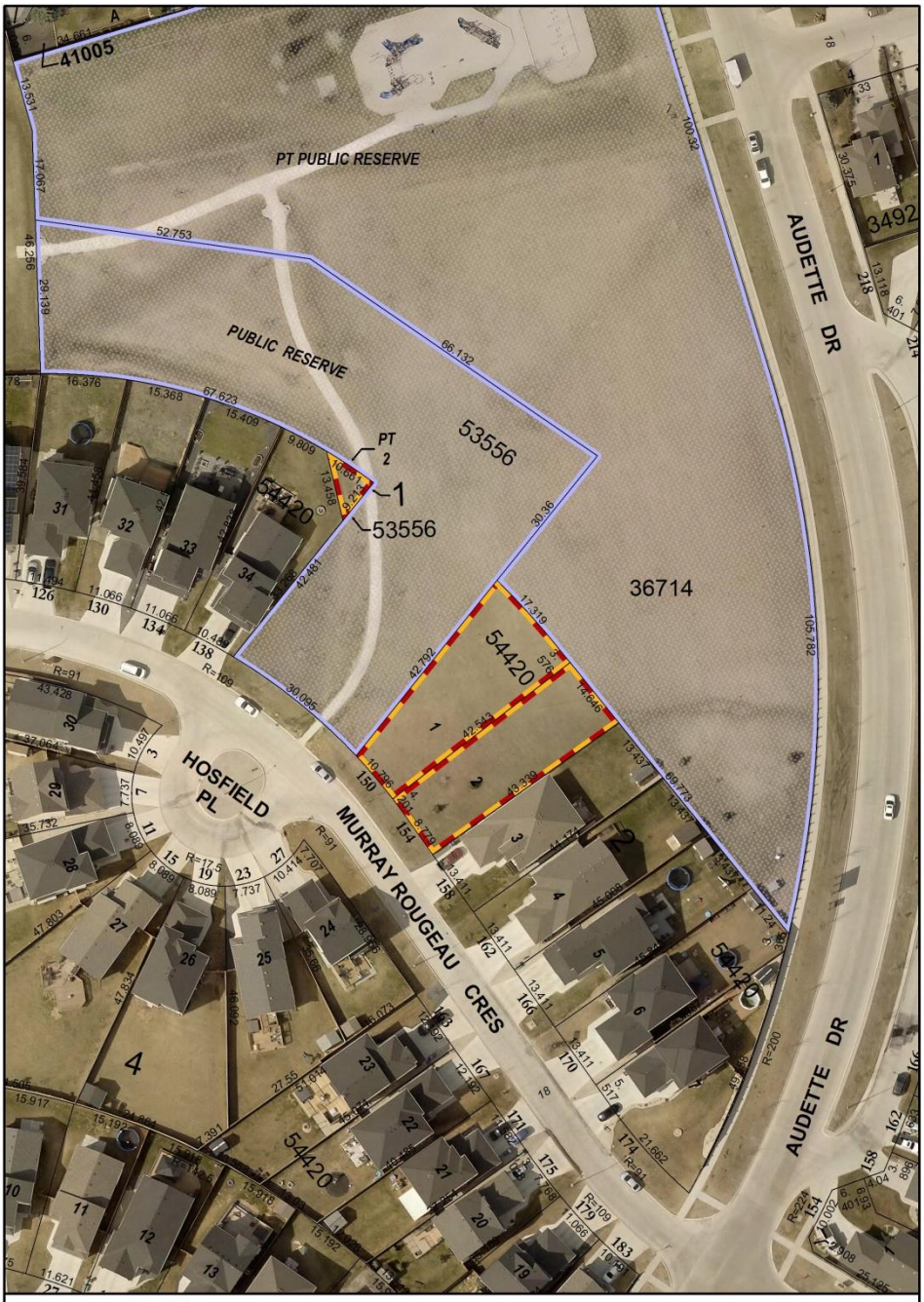
- Strategize and implement opportunities to improve Winnipeg's resilience and adaptability to the effects of a changing climate.
- Preserve and manage parks and natural areas to support climate change mitigation.

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Joedi Pruden, Supervisor of Sales and Acquisition
Date: January 12, 2021
File No: 4726/8 (V5)

Attachments:
Schedule A – Misc. Plan No. 14674/2
Schedule B – Proposed Terms and Conditions

Schedule A



SUBJECT PROPERTY
LOT 1, BLOCK 2, PLAN 54420 - Area: 673.8± m² (7,253± ft²)
LOT 2, BLOCK 2, PLAN 54420 - Area: 592.3± m² (6,375± ft²)
PART LOT 2, BLOCK 1, PLAN 53556 - Area: 49.9± m² (537± ft²)

PUBLIC RESERVE

Date: 2020-FEB-14
District: EKT
File: 4726/8 (V5)
Scale: 1:900
Requested by: TM
Drawn by: IP
Reference Dwg No.: Misc. Plan No. 14674/1

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.

AERIAL (2018) METRIC

CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPARTMENT
LAND INFORMATION SERVICES

MISC. PLAN NO. 14674/2

Schedule B

Purchaser:	The City of Winnipeg (the “City”)
Owner/Vendor:	Novamet Development Corporation
Lands to be Purchased:	“Subject Property” on Misc. Plan 14674/2
Purchase Price:	$39,585.17 plus G.S.T., payment of the purchase price upon closing.
Conditions:	The City is required to rezone the property to PR-2. The City shall attend to the survey work and plan registrations required by The Property Registry in order to facilitate issuance of title for the Lands as Public Reserve at no cost to the Vendor.
Closing Date:	Late 2021 when the DAZ is complete
Other:	The City agrees to be responsible for the payment of all realty taxes, current penalties, arrears penalties and redemptions from tax sale paid by the Vendor for the years 2014 to 2019 both inclusive. The City agrees to be responsible for payment of all realty taxes, current penalties and arrears penalties on the Lands for the year 2020 and subsequent years. In the event that the Vendor has paid the realty taxes, current penalties and arrears penalties on the Lands for the year 2020 prior to the date for vacant possession, the parties agree that the Purchase Price will increase by such amount paid by the Vendor in 2020. In the event that the Vendor has paid any realty taxes, current penalties and arrears penalties on the Lands for the year 2020 and any subsequent year prior to the date for vacant possession, the parties agree that the purchase price will increase by such amounts paid by the Vendor.