Agenda – Executive Policy Committee – May 18, 2021

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – May 11, 2021

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. 2 Sale of City-owned Property – 409 Mulvey Avenue East (Fort Rouge – East Fort Garry Ward)

On May 11, 2021, due to a tie vote, the Standing Policy Committee on Property and Development, Heritage and Downtown Development submitted the matter to the Executive Policy Committee and Council without recommendation.

Agenda – Executive Policy Committee – May 18, 2021

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – May 11, 2021

DECISION MAKING HISTORY:

On May 11, 2021, due to a tie vote, the Standing Policy Committee on Property and Development, Heritage and Downtown Development submitted the matter to the Executive Policy Committee and Council without recommendation.

The following persons submitted communications:

- Shirley Forsyth submitted a presentation titled "Standing Policy Committee on Property and Development, Heritage and Downtown Development, No. 8 Proposed Sale of City-Owned Parkland at 409 Mulvey Ave. East" dated May 11, 2021, in opposition to the matter.
- Mark Cohoe submitted a presentation titled "Standing Policy Committee on Property and Development, Heritage and Downtown Development, Re Agenda Item #8 – Sale of City-owned Property – 409 Mulvey Avenue East (Fort Rouge – East Fort Garry Ward)" dated May 11, 2021, with respect to the matter.

ADMINISTRATIVE REPORT

Title: Proposed Sale of City-owned Property – 409 Mulvey Avenue East

Critical Path: Standing Policy Committee on Property and Development, Heritage and Downtown Development – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
G. Chappell, Acting	J. Kiernan	C. Kloepfer	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

On February 27, 2013, Council declared 409 Mulvey Avenue East surplus to the City's needs. On December 17, 2020, the Public Service issued Request for Proposal ("RFP") 708-2020 for the sale of a portion of City-owned vacant land located at 409 Mulvey Avenue East (the "Subject City Property"). The RFP closed on February 5, 2021 and two proposals were received and evaluated.

The Public Service recommends the sale of the Subject Property to Albatross Developments Ltd. (the "Purchaser"), who received the highest score in the evaluation, based on the criteria identified in the RFP. The recommended sale price is $1,500,000 subject to other terms and conditions identified in Schedule A. The Purchaser is proposing a multi-unit development, which complements the neighbourhood, while enriching the connection to the natural environment and encouraging rapid transit use.

The recommended purchase price is below the appraised value, which reflects the servicing challenges and costs of completing further due diligence. The Purchaser satisfies the intent of the RFP by aligning with Complete Communities vision and goals. If the sale is approved, the Purchaser will be required to subdivide and re-zone the Subject City Property from the larger City holding to facilitate the transfer. The remaining portion of City land will be retained as park land. In addition, the Purchaser will be required to widen the public lane, as identified on Misc. Plan 14218/10 attached as Schedule B.

As per previous Council direction, the net proceeds of disposition will be transferred from the Land Operating Reserve Fund to the Winnipeg Fire Paramedic Service Expropriation Account (capital account # 21980000EX), said proceeds to fund due compensation, settlement, interest and other ancillary costs related to the expropriation of 1780 Taylor Avenue.

The Ward Councillor has been advised as to the intentions of the Public Service.

RECOMMENDATIONS

1. That, subject to approval of two-thirds of all Council members (pursuant to Subsection 205(2) of the City of Winnipeg Charter Act), the sale of a portion of 409 Mulvey Avenue (the "Subject City Property") to Albatross Development Ltd. be approved for the purchase price of $1,500,000, subject to the terms and conditions identified in Schedule A.

2. That the City enter into, execute and deliver an Offer to Purchase Agreement with Albatross Development Ltd., 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 subject to approval of Recommendations 1 to 3, net proceeds of disposition be transferred from the Land Operating Reserve Fund to the Winnipeg Fire Paramedic Service Expropriation Account (capital account # 21980000EX), said proceeds to fund due compensation, settlement, interest and other ancillary costs related to the expropriation of 1780 Taylor Avenue.

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

In accordance with Section 205 of The City of Winnipeg Charter, all dispositions of property used for park or cemetery purposes require approval of at least two-thirds of all members of Council. The Subject City-owned Property is zoned "M1" but is under Parks' Jurisdiction.

IMPLICATIONS OF THE RECOMMENDATIONS

The proposed 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 through a Request for Proposal ("RFP").

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. A Phase I Environmental Site Assessment was completed in 1994 and indicated no concerns based on a continued industrial land use.

Net proceeds from the sale of 409 Mulvey Avenue East shall be transferred from the Land Operating Reserve Fund to the Winnipeg Fire Paramedic Service Expropriation Account (capital

account # 21980000EX), said proceeds to fund due compensation, settlement, interest and other ancillary costs related to the expropriation of 1780 Taylor Avenue.

The Purchaser must facilitate the subdivision of the Subject City Property and the widening of a public lane. The potential subdivision is required to allow for the transfer of the Subject City Property ("Proposed Lot 1") to the Purchaser, as shown on Misc. Plan No 14218/10, identified in Schedule B.

HISTORY/DISCUSSION

The Subject City Property is part of a larger landholding that includes a riverside bike pathway along with a riverside police patrol compound.

The City acquired the Subject City Property through a land exchange in the mid-1990's. The acquisition was in response to a policy directive to acquire lands for public purposes, specifically to establish a major cyclist/vehicle access node to the Churchill Riverbank Parkway (now known as the South Winnipeg Parkway). The Subject City Property is under the Jurisdiction of Parks and Open Space.

On February 27, 2013, Council declared the Subject City Property surplus to the City's needs.

On February 18, 2014, the Standing Policy Committee on Property and Development approved the Public Service's recommendation to sell 409 Mulvey Avenue for $1,000,000.

On February 26, 2014, Council directed that the net sale proceeds of the Subject City Property be transferred from the Land Operating Reserve Fund to the Winnipeg Fire and Paramedic Service 2013 Facilities Replacement and Relocation Capital Program budget to cover the costs related to the expropriation of 1780 Taylor Avenue. During the 2015 capital review process, this Capital Program budget was closed and, as such, it is recommended that net proceeds be transferred instead to the Winnipeg Fire Paramedic Service Expropriation Account (capital account # 21980000EX) in order to fulfill the intent of Council's direction.

The sale of 409 Mulvey Avenue could not be concluded with the Purchaser and was terminated on June 9, 2014.

In 2016, the Winnipeg Transit Department requested the Subject City Property as a location for a temporary employee parking lot while a building expansion occurred at the Fort Rouge Garage. Transit terminated their use of the Subject City Property in July 2019. Subsequently, Winnipeg Parking Authority requested control of the site to continue managing the surface parking lot but the request was denied.

In July 2020, the Subject City Property was circulated for civic need and comments. The Public Works Department preferred to retain the Subject City Property as greenspace but confirmed their support of the sale if the redevelopment does not compromise Parks ability to maintain the riverbank path or impede use of the path. The boundaries of the Subject City Property were amended to provide sufficient space for the path.

The Winnipeg Fire and Paramedic Service ("WFPS") remains interested in retaining the Subject City Property for the consolidation of two Osborne Street fire halls (#4 & #30). The viability of the Subject City Property to support a fire hall has not been tested as WFPS does not have

approval for the proposed consolidation. Planning, Property and Development advanced the circulation despite WFPS concerns as development of the site will align with rapid transit initiatives and direct proceeds to an existing WFPS budget. Since the replacement of Fire Halls #4 & 30 does not represent an immediate need that has been approved by Council, the Public Service will consider other options to secure land for WFPS in the future.

In November 2020, the Public Service obtained an external appraisal for 409 Mulvey Avenue. The appraiser determined that the current market value was $1,760,000, taking into consideration the development limitations and reduced site size from 37,463 sq. ft to 32,250 sq. ft. The appraisal determined a highest and best use for the site as commercial, multi-family or mixed-use development based on the secondary plan and adjacent transit service.

On December 17, 2020, the Public Service issued RFP 708-2020 to solicit purchase proposals for the Subject City Property.

The evaluation criteria for the RFP were established by the Public Service. Thirty percent of the RFP evaluation was awarded for price, financial terms, and potential tax revenue. Another thirty percent was awarded for providing a development plan that is in line with OurWinnipeg and that includes a construction timeline; an acknowledgement and commitment for providing a geotechnical analysis and a railway vibration study; and an acknowledgement and commitment to widening the public lane.

The RFP closed on February 5, 2021 and two proposals were submitted. Each proposal was evaluated and scored as follows:

Request for Proposal: 708-2020

Requirement		Dwell Design Homes Ltd. (Albatross Development Ltd.)	Bidder B
Compliance	Pass/Fail	Pass	Pass
PRICE (Section A)			
Total A1-A4	20.00	5.00	4.98
Additional Terms Related to Price			
Total A5-A6	10.00	8.50	5.00
Grand Total for Price	**30.00**	**13.50**	**9.98**
Proposed Development (Section B)			
Detailed plan outlining the proposed development, including the timeframe to complete.			
Total for Proposed Development	**30.00**	**17.50**	**6.00**
Experience (Section C)			
Experience and/or History of successful projects and endeavors carried out by the proponent.			
Total for Experience	**20.00**	**20.00**	**6.66**
Alignment with OurWinnipeg (Section D)			
Proposed Development alignment with Our Winnipeg By-law No. 67/2010 and more specifically the Complete Communities direction strategy.			
Total for Alignment with OurWinnipeg	**20.00**	**19.98**	**0.00**
	100.00	**70.98**	**22.64**

With the exception of the recommended bidder (Albatross Development Ltd.), information regarding the other bidder has been kept confidential in accordance with the terms of the RFP.

Both of the RFP responses submitted a purchase price below market value.

Albatross Developments Ltd. Proposal:

Albatross Developments Ltd. proposes to re-develop the site while complementing the mature nature of the neighbourhood, enriching the connection to the natural environment and encouraging rapid transit use. The proposal includes re-zoning to RMF-L or RMU and building a multi-unit development with 80 units, including 25% of the units built to fall within the affordable housing definition, as provided in the Complete Communities Secondary Plan. The proposal includes a local craft brewery. The project features are aligned with OurWinnipeg Development Plan guidelines, and include incorporation of ride share parking stalls and outdoor bike storage.

The Subject City Property will be purchased for $1,500,000. The purchase price below market value reflects the costs to perform further due diligence in terms of feasibility analysis to determine riverbank stability for the project; vibration study analysis regarding the site's close proximity to the CN rail lines; and additional development costs regarding the widening of the public lane.

If Council concurs in the recommendations of the Public Service, the sale may conclude in the second quarter of 2022 to allow time for the due diligence described above.

Subject to approval of the recommendations, the Public Service will draft an Offer to Purchase that embodies the recommended proposal.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 12, 2021

Project Name:

First Year of Program 2021

Proposed Sale of City-owned Property – 409 Mulvey Avenue East

	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	$ 197,239	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	1,500,000	-	-	-	-
Net Cost/(Benefit)	$ (1,302,761)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(1,302,761)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Revenue represents the sale proceeds while expenses consist of appraisal fees and book value of the subject City property. Net proceeds of $1,302,761 will be credited to the Land Operating Reserve Fund and, of this amount, 5% or $65,138 will be allocated to each of the Gail Parvin Hammerquist Fund and the Enhanced Land Marketing Program, in accordance with Council policies. The remaining $1,172,485 will be transferrred to the Expropriation Account of the Winnipeg Fire Paramedic Service in accordance with Council's direction. Future municipal property tax revenue is not determinable at this time and has been excluded from the anaylsis.

Mike McGinn, Apr. 12, 2021

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

Parks and Open Spaces
Public Works Department
Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

1. *Section 01-1a Our Approach to City Building* of OurWinnipeg includes adopting *Complete Communities* as the City's land use and development guide.

2. The area in which the Subject City Property is located is an "Area of Stability" within the direction strategy of *Complete Communities*:

    A. In regards to new development within an "Area of Stability" the vision is that it should be contextually suitable and enhance and celebrate what makes the area unique. Intensification should be accommodated within existing communities in a sensitive manner that recognizes the existing form and character of its location.

Key Supporting and Directional Strategies include:

A. In order to meet the full life-cycle of housing needs within the community, promote a mix of housing type and tenure, such as duplexes, low rise apartments, secondary suites, semi-detached homes, townhouses.
B. Promote a quality public realm with a high level of accessibility to community services and amenities and opportunities for gathering and social interaction.
C. Where intensification/densification of housing occurs, ensure that the types of open space – passive, active, and plazas – respond to community needs.
D. Ensure that existing public open spaces meet the neighbourhood's current and future requirements.
E. Encourage intensification to occur at centres and along corridors.
F. Facilitate land assembly for infill developments.
G. Build upon the local heritage of mature neighbourhoods, including the sustainable reuse of existing building stock and other historic elements.

The proposed sale of the Subject City Property to the Purchaser is in alignment with the above directions.

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 Capitalizes on Existing and Planned Corridors with Frequent Transit Service (Primary Responsibility: Planning, Property and Development Department)."

The recommendations of this report align with the Winnipeg Climate Action Plan as a proposed sale of this property would result in the infill development of this site and future use of the nearby Rapid Transit Station.

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development Division:
Prepared by: Leah Furedi, Senior Negotiator
Date: April 13, 2021
File No: 5274/A/V4

Attachments:

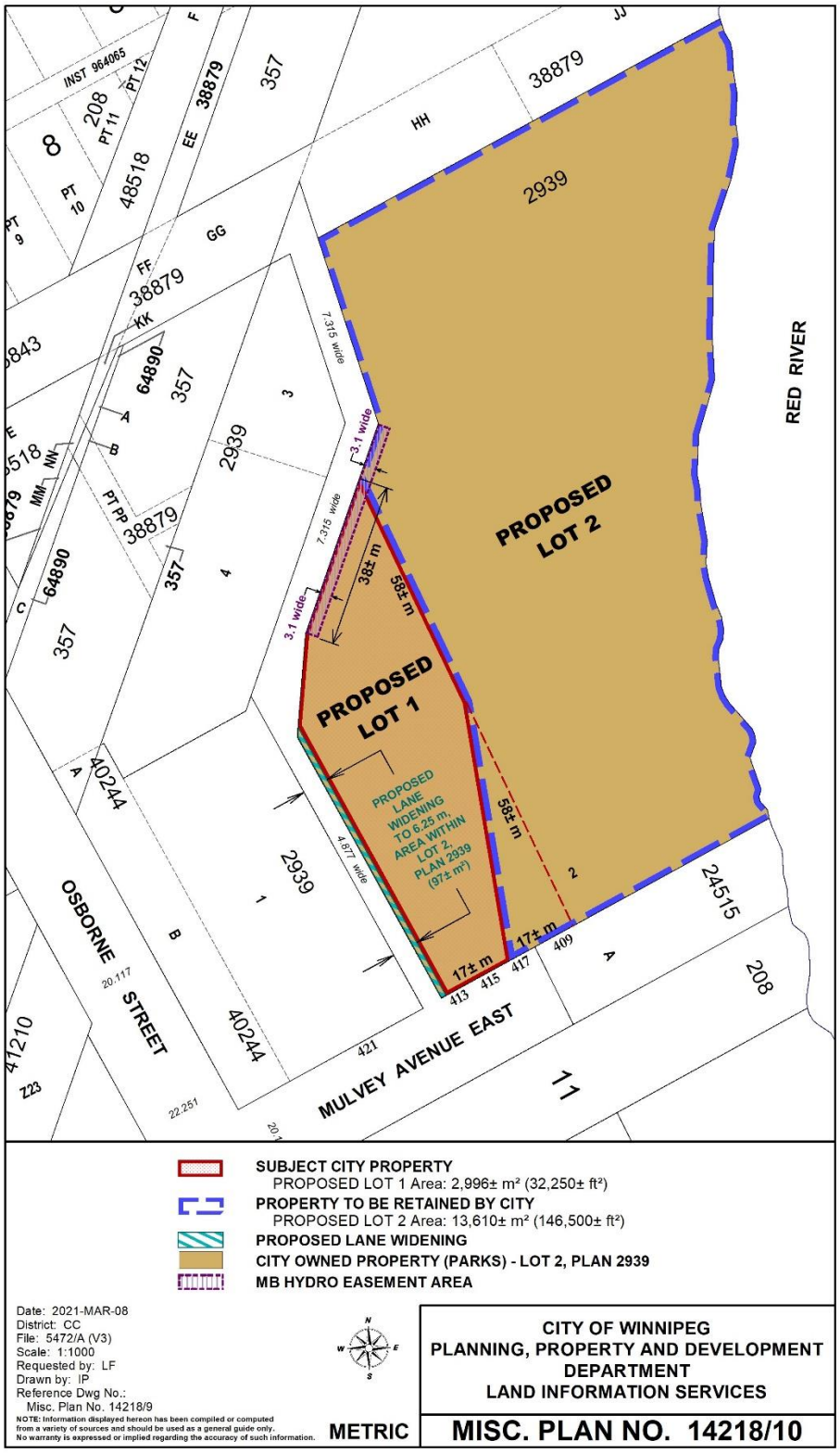
Schedule A – Terms and Conditions
Schedule B – Misc. Plan No. 14218/10

Schedule A

Vendor:	The City of Winnipeg
Purchaser:	Albatross Developments Ltd. or nominee thereof
Price:	$1,500,000
Deposit:	$25,000 upon execution of Offer (refundable until condition waiver). $75,000 upon due diligence waiver, at which 1st deposit and 2nd deposit shall become non-refundable Balance to be paid on date of possession
Lands to be Sold:	Proposed Lot 1, identified on Misc. Plan 14218/10
Lands to be Excluded:	Proposed Lot 2, identified on Misc. Plan 14218/10
Purchaser's Conditions:	120-day due diligence period / financing condition, inclusive of, but not limited to: • Pre-application • Noise study • Geotechnical Report (City of Winnipeg to provide access in event Geotechnical Report requires riverbank stabilization work)
Closing Date:	To be negotiated, but no sooner than six months from the date of approval
City's Conditions:	The Purchaser to submit a subdivision application to create the Subject City Property, including the widening of the public lane, and successfully register the subdivision, as identified in attached Schedule B. The Purchaser to complete and submit a noise/vibration study in reference to their development proposal's proximity to CN rail lines. The Purchaser to complete and submit a Geotechnical Report and Feasibility Study for their proposed development to identify riverbank stabilization issues and to undertake all recommendations, at their sole cost, for the project. The Purchaser to build 80 units, including 25% affordable housing units, as identified in their RFP proposal; development is subject to Council approval.

The Offer to Purchase to include a Reversionary Clause should the Purchaser fail to meet the requirements of the RFP within 2 years of the Closing Date.

Schedule B



PROPOSED LOT 1
PROPOSED LOT 2
PROPOSED LANE WIDENING TO 6.25 m, AREA WITHIN LOT 2, PLAN 2939 (97± m²)
RED RIVER
OSBORNE STREET
MULVEY AVENUE EAST
38± m
58± m
17± m
3.1 wide
7.315 wide
4.877 wide
SUBJECT CITY PROPERTY
PROPOSED LOT 1 Area: 2,996± m² (32,250± ft²)
PROPERTY TO BE RETAINED BY CITY
PROPOSED LOT 2 Area: 13,610± m² (146,500± ft²)
PROPOSED LANE WIDENING
CITY OWNED PROPERTY (PARKS) - LOT 2, PLAN 2939
MB HYDRO EASEMENT AREA
Date: 2021-MAR-08
District: CC
File: 5472/A (V3)
Scale: 1:1000
Requested by: LF
Drawn by: IP
Reference Dwg No.:
Misc. Plan No. 14218/9
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. 14218/10