Minutes – Executive Policy Committee – June 16, 2021

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – June 8, 2021

Item No. 5 Joint Venture of 1500 Plessis Road – Payment of Outstanding Servicing Costs

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

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 Council-approved criteria for disbursements charged to the Land Operating Reserve Fund be waived in this instance.

2. That subject to approval of Recommendation 1, the servicing costs for the north side of Transcona Boulevard be funded out of the Land Operating Reserve Fund to a maximum of $1,285,364.

3. 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 – June 8, 2021

DECISION MAKING HISTORY:

Moved by Councillor Gilroy,

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.

Carried

Moved by Councillor Gilroy,

That the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development be concurred in and forwarded to Council.

Yea:	Bowman, Allard, Browaty, Gillingham, Gilroy, Mayes, Rollins	7
Nay:		0

Carried

STANDING COMMITTEE RECOMMENDATION:

On June 8, 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: Joint Venture of 1500 Plessis Road – Payment of Outstanding Servicing Costs

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	C. Kloepfer	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

The City's former works yard located at 1500 Plessis Road was declared surplus in 2006 and has been partially redeveloped. The land south of Transcona Boulevard was developed through a Joint Venture Agreement with EdgeCorp Development Ltd. and improved as a mixed-use site. The land north of Transcona Boulevard includes a new City library and vacant land.

The Joint Venture requires a servicing cost recovery of $1,882,364 from the lands north of Transcona Boulevard which are entirely City-owned. Of this, $207,000 has been recovered from the Transcona Library capital project budget leaving $1,675,364 outstanding. The City has an approved funding source to pay $390,000 of the outstanding servicing costs to the Joint Venture. Unfunded servicing costs are estimated to be $1,285,364.

The Public Service recommends that the Land Operating Reserve Fund be the source to which the $1,285,364 estimate of servicing costs for the north side of Transcona Boulevard is charged.

RECOMMENDATIONS

1. That the Council-approved criteria for disbursements charged to the Land Operating Reserve Fund be waived in this instance.

2. That, subject to approval of Recommendation 1, the servicing costs for the north side of Transcona Boulevard be funded out of the Land Operating Reserve Fund to a maximum of $1,285,364.

3. 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 to waive criteria for expenditures charged to the Land Operating Reserve Fund. Specifically, the $1,285,364 represents costs attributable to land that has not been declared surplus and is therefore not a cost related to *"the acquisition of properties for resale and other expenses related to the acquisition, sale, improvement and disposition of such properties"* as required by Council policy.

IMPLICATIONS OF THE RECOMMENDATIONS

Payment of the outstanding servicing recoveries by the City will enable the Joint Venture to wind-down.

The unallocated equity amount in the Land Operating Reserve Fund will decrease by $1,675,364, $390,000 of which will be offset by the eventual sale of the lands to WHRC resulting in a net decrease in equity of $1,285,364.

HISTORY/DISCUSSION

On May 24, 2006, Council declared 1500 Plessis Road (the "Subject Property") surplus to the City's needs once vacated by City departments. When empty, the Subject Property would be listed for sale in accordance with the Public Works-Water and Waste Facilities Master Plan.

In 2013, the Public Service applied for a subdivision and rezoning of the Subject Property (DASZ 39/2013), and issued an Expression of Interest (987-2012) to sell the entire site. No responses were received for the Expression of Interest.

On February 18, 2014, the Standing Policy Committee on Property and Development approved the sale of 2.4 acres of the Subject Property to Winnipeg Housing Rehabilitation Corporation ("WHRC") for $1.00, conditional upon the approval of DASZ 39/2013. It is noted that the sale to WHRC is incomplete; the purchaser is developing a viable business plan for the site. In addition to the $1.00 price, the sale will recover servicing costs from the purchaser.

On February 26, 2014, Council approved DASZ 39/2013. The Council approval restricted the land use for a portion of the Subject Property through a Zoning Agreement. The use of Lot 2 was limited to a transit station (no longer necessary as a result of the adopted Winnipeg Transit Master Plan) and Lot 3 was limited to a library (already constructed) and a YM-YWCA recreation centre (under review through the East of the Red Recreation Plex Study). It is not possible for the Zoning Agreement to be completed because the City cannot enter into an agreement with itself. Additionally, Lots 2 and 3 cannot be sold since Council rescinded their declaration of surplus when approving DASZ 39/2013.

Based on the Subject Property's proposed developments, only the 22.9 acres on the south side of Transcona Boulevard could be sold (the "South Lands"). Misc. Plan 14268/11 (attached as Appendix 1) identifies the land available for sale.

In May 2014, the Public Service prepared an Expression of Interest (580-2014) for a Joint Venture proposal for the South Lands - the City received one response from EdgeCorp Developments Ltd. (“EdgeCorp”).

On April 29, 2015, Council approved the Joint Venture Agreement between EdgeCorp and the City for the South Lands. The Joint Venture Agreement was executed on February 17, 2016. The Joint Venture development was named Park City Commons.

In 2018, Park City Commons Ltd. completed a purchase of the South Lands from the Joint Venture and started construction on a mixed-use development.

In 2019, the development won a Brownie Award in the Reinvest Category (awards that recognize the rehabilitation of brownfield sites). The Reinvest Category recognized projects that rely on innovative approaches to obtain capital financing for the purposes of economic and ecological regeneration (i.e. use of public/private partnerships), and facilitate innovative solutions to mitigating process risk.

All of the developable land that is part of the Joint Venture has been sold. Land owners to the north and south of Transcona Boulevard are responsible for their proportionate share of servicing costs related to DASZ 39/2013. When the DASZ was approved, no funding source was identified to pay for the servicing costs on the north side of Transcona Boulevard (entirely City owned land).

The City’s share of outstanding servicing costs for the north side of Transcona Boulevard is $1,882,364, subject to adjustments if certain servicing obligations are eliminated.

- Lot 1 has a servicing obligation of approximately $390,000 which will be recouped through the eventual sale of the lands to WHRC (i.e. an authorized expense to the LOR);
- The servicing recovery for the new library site of $207,000 was authorized through the Transcona Library Project
- Lots 2 and 3, which are intended to be retained by the City, have a combined servicing cost of roughly $1,285,364 without a funding source.

The Public Service recommends that the LOR be the source to which the final estimate of servicing costs for the north side of Transcona Boulevard is charged.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 10, 2021

Project Name:

First Year of Program 2021

Joint Venture of 1500 Plessis Road – Payment of Outstanding Services Costs

	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	$ 1,675,364	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 1,675,364	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	390,000	-	-	-	-
Net Budget Adjustment Required	$ 1,285,364	$ -	$ -	$ -	$ -

Additional Comments: Direct costs represent the City's share of outstanding servicing costs for the north side of Transcona Boulevard. Existing budget amounts represent the portion of the servicing costs to be charged to the Land Operating Reserve in accordance with the criteria outlined in Council policy for use of this funding source. The net budget adjustment required represents the portion of the servicing costs for which the Public Service recommends Council policy be waived in this instance.

Mike McGinn May 10, 2021

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

OurWinnipeg defines the Subject Property as a Major Redevelopment Site which has the following key direction:

- Major Redevelopment Sites will provide transformative opportunities for the development of complete communities with significant residential and employment densities and attractive urban design, capitalizing on vacant or underutilized sites within the existing urban fabric.

The majority of the Subject Property has been redeveloped into a mixed use site.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

4.1 Increase Strategic Infill Development that Provides Access to and Capitalizes on Existing and Planned Corridors with Frequent Transit Service

4.4 Support Redevelopment of Former Commercial and Industrial Lands into Active Use

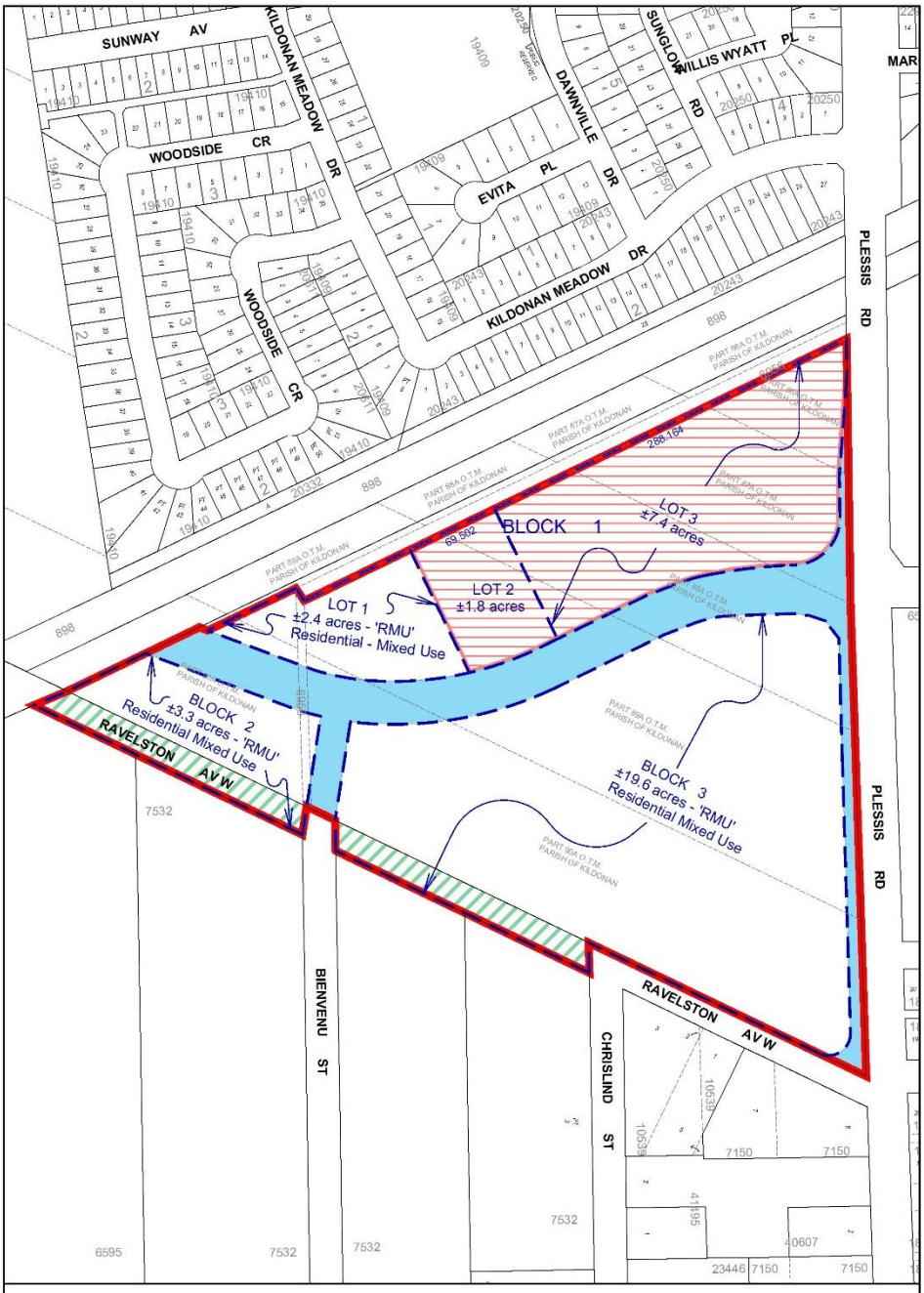
SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Gord Chappell, Real Estate Administrator
Date: May 10, 2021
File No: 4374 V4

Attachments:

Appendix 1 – Misc. Plan 14268/11
Appendix 2 – North Side Servicing Costs

Appendix 1


SUNWAY AV
KILDONAN MEADOW DR
WOODSIDE CR
DAWNVILLE DR
EVITA PL
SUNGLOW RD
WILLIS WYATT PL
KILDONAN MEADOW DR
WOODSIDE CR
PLESSIS RD
BLOCK 1
LOT 3
±7.4 acres
LOT 2
±1.8 acres
LOT 1
±2.4 acres - 'RMU'
Residential - Mixed Use
BLOCK 2
±3.3 acres - 'RMU'
Residential Mixed Use
BLOCK 3
±19.6 acres - 'RMU'
Residential Mixed Use
RAVELSTON AV W
BIENVENU ST
CHRISLIND ST
PLESSIS RD
RAVELSTON AV W
METRIC
PROPOSED STREETS TO BE OPENED
STREETS TO BE CLOSED
SUBJECT CITY PROPERTY
TO BE RETAINED BY THE CITY
N
W
E
S
Date: 2013-SEPT-30
District: EKT
File: 4374 V2
Scale: 1:3500
Requested by: JP
Drawn by: MS
Reference Dwg No.: TRANSCONA RECREATION & LEISURE VILLAGE
CONCEPTUAL MASTER PLAN - PLESSIS ROAD (December 2011)
- AMENDED AS DIRECTED
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.
CITY OF WINNIPEG
PLANNING, PROPERTY AND
DEVELOPMENT DEPARTMENT
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 14268 / 11

Appendix 2

North Side Servicing Costs: $1,882,364

	Acres	Proportion of Total Area	Portionate Share		Declared Surplus? (Y/N)
Lot 1	2.4	20.7%	390,000		Y
Lot 2	1.8	15.5%	291,708	★	N
Transcona Library Site	1.3	11.0%	207,000		N
Remainder of Lot 3	6.1	52.8%	993,656	★	N
	11.6	100.0%	$1,882,364		

★ Site and related servicing costs that are the subject of this report.