Minutes – Executive Policy Committee – January 19, 2022

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – January 17, 2022

Item No. 9 Proposed Sale of City-owned Property – Part of 4540 Portage Avenue (John Blumberg Golf Course)

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 sale proposal for a portion of 4540 Portage Avenue (the "Subject City Property to be sold" identified on Misc. Plan 14454/4) submitted by Schinkel Properties Inc. for a purchase price of $13,680,013 not be approved.

2. 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 – January 17, 2022

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:	Allard, Gilroy, Mayes, Rollins	4
Nay:	Bowman, Browaty, Gillingham	3

Carried

The following persons submitted communications:

- Michele Kading submitted documents titled “Manitoba Species at Risk”; “Eastern Loggerhead Shrike, Manitoba Recovery Action Group, Winter 2004-05”; “Hinterland Who's Who - Loggerhead Shrike (map)” and “Endangered Bird Made a Mysterious Comeback this Year - TheRecord.com” with respect to the matter
- Muriel St. John, OURS-Winnipeg, submitted a presentation titled “OURS-Winnipeg Presentation to City Council” in opposition to the matter
- Pam Lucenkiw, OURS-Winnipeg, submitted a communication in opposition to the matter, dated January 17, 2022
- Shelley Sweeney, on behalf of OURS-Winnipeg, submitted a document titled “Saving John Blumberg” in opposition to the matter, dated January 19 2022

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – January 17, 2022

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION:

On January 17, 2022, the Standing Policy Committee on Property and Development, Heritage and Downtown Development did not in the recommendation of the and submitted the following to the Executive Policy Committee and Council:

1. That the sale proposal for a portion of 4540 Portage Avenue (the "Subject City Property to be sold" identified on Misc. Plan 14454/4) submitted by Schinkel Properties Inc. for a purchase price of $13,680,013 not be approved.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

The following persons submitted communications:

- Norman Meade submitted a communication dated January 12, 2022, in opposition to the matter.
- Alan Klippenstein, Schinkel Properties Inc., submitted a presentation titled "Blumberg Concept Plan" with respect to the matter.
- Muriel St. John, OURS-Winnipeg, submitted a presentation titled "OURS-Winnipeg Presentation to City Council" in opposition to the matter.
- Kelly Ryback submitted a presentation titled "January 17, 2021 Standing Policy Committee on Property and Development, Heritage, and Downtown Development – Delegate – Kelly Ryback – 20. Proposed Sale of City-owned Property – Part of 4540 Portage Avenue (John Blumberg Golf Course)" in opposition to the matter.
- Brenda McEachern submitted a communication dated January 14, 2022, in opposition to the matter.
- Shelley Sweeney submitted a presentation titled "Saving John Blumberg" dated January 17, 2022 in opposition to the matter.
- Barry Tuckett submitted a communication dated January 14, 2022, in opposition to the matter.
- Denis De Pape submitted a communication dated January 12, 2022, in opposition to the matter.

ADMINISTRATIVE REPORT

Title: Proposed Sale of City-owned Property – Part of 4540 Portage Avenue (John Blumberg Golf Course)

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. Jack

EXECUTIVE SUMMARY

On December 11, 2020, the Public Service issued Request for Proposal ("RFP") 756-2020 for the sale or joint venture of a portion of City-owned land known as the John Blumberg Golf Course, located at 4540 Portage Avenue (the "Subject City Property to be sold" identified on Misc. Plan 14454/4 attached as Schedule B) in the RM of Headingley. City-owned parkland that includes the John Blumberg Softball Complex and Soccer Fields was excluded from the RFP. The RFP closed on March 31, 2021 and six proposals were received and evaluated.

Four bids were deemed to have enough merit to be short-listed and were invited to submit additional or clarifying details for their proposal. Based on the RFP evaluation, the Public Service recommends the sale proposal from Schinkel Properties Inc. ("Schinkel") be approved.

Schinkel proposes a purchase price of $13,680,013, subject to development and subdivision approval from the RM of Headingley.

RECOMMENDATIONS

1. That, subject to approval of two-thirds of all Council members (pursuant to Subsection 205(2) of The City of Winnipeg Charter), the sale proposal for a portion of 4540 Portage Avenue (the "Subject City Property to be sold" identified on Misc. Plan 14454/4) submitted by Schinkel Properties Inc. for a purchase price of $13,680,013 be approved in accordance with the terms and conditions identified in Schedule A.

2. That the City enter into, execute and deliver an Offer to Purchase Agreement with Schinkel Properties Inc., 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 Director of Planning, Property and Development to negotiate and approve the terms and conditions of 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 the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Approval from two-thirds of all Council members is required to sell City-owned parkland.

IMPLICATIONS OF THE RECOMMENDATIONS

The proposed sale of the Subject City Property to be sold ("Subject City Property") is in accordance with Section 3.2A(ii) of the City's "Declaration as Surplus and Sale of City Property Policy". The Subject City Property was marketed through an RFP.

In order to sell the Subject City Property, it must be subdivided from the City's larger holding. The sale is subject to development and subdivision approval from the RM of Headingley.

In accordance with the Council Decision of October 29, 2020, 90% of the net sale proceeds will be temporarily held in the Land Operating Reserve until the Transformative Fund is established by Council. In addition, 10% of the net sale proceeds, up to $700,000, will be redirected to the Winnipeg Golf Services Special Operating Agency.

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 decision as to whether to renew the management agreement for the John Blumberg Golf Course will be dependent upon the closing date of the transaction (anticipated to be one year from approval).

HISTORY/DISCUSSION

The Subject City Property is part of a larger landholding owned by the City in the RM of Headingley. The larger landholding is comprised of parkland that includes the John Blumberg Softball Complex and Soccer Fields. The John Blumberg Golf Course is currently operating under a management agreement, wherein the operator has exercised the first two of their three annual renewal options.

On May 29, 2013, Council declared the Subject City Property surplus to the City's needs.

In December 2019, the Subject City Property was circulated for civic need and comments. No objections to the sale were identified.

In February 2020, the Public Service obtained an external appraisal for the Subject City Property. The appraiser determined that the current market value was $9,154,000 with a highest and best use for the site as interim continued golf use, with phased commercial and master-planned residential development.

On March 20, 2020, Council adopted the 2020-2023 Multi-Year Operating and Capital Budget which directed the Public Service to report back with recommendations on selling or entering into a joint venture with respect to the John Blumberg Golf Course.

On October 29, 2020, Council directed the Public Service to market Subject City Property through an RFP.

On December 11, 2020, the Public Service issued RFP 756-2020 to solicit purchase or joint venture proposals for the Subject City Property. The following evaluation criteria for the RFP was established by the Public Service:

- 40% - Price and additional terms related to price (e.g. sale conditions, etc.);
- 10% - Alignment to the RM of Headingley Development Plan; including but not limited to a provision for a future green parkway along the riverbank;
- 30% - Experience and/or history of successful projects and endeavors carried out by the proponent; and
- 20% - Source of proposal funding and financial wherewithal of the Proponent.

The RFP closed on March 31, 2021. Six proposals were submitted. Two of the proposals identified themselves as joint ventures; however, only one of them met the criteria of a joint venture. Four proposals were deemed to have enough merit to be short-listed (three sale proposals and one joint venture proposal). All short-listed bidders were offered the opportunity to add clarifying or additional details regarding their proposal. Additional details from the short-listed proponents were considered and the evaluation was re-scored but the results did not change the outcome.

The RFP scoring is as follows:

		Schinkel Properties	Bidder #2	Bidder #3	Bidder #4	Bidder #5	Bidder #6
PRICE (Section A)	35.00	31.11	27.66	21.60	35.00	0.00	0.00
Revised score	35.00	24.45	21.74	16.98	35.00	0.00	0.00
Additional Terms Related to Price	5.00	2.50	2.50	3.50	4.00	2.50	2.17
ALIGNMENT TO THE RM OF HEADINGLY DEVELOPMENT PLAN: INCLUDING BUT NOT LIMITED TO A PROVISION FOR A FUTURE GREEN PARKWAY ALONG THE RIVERBANK (Section B)							
Total for Alignment to RM of Headingly	10.00	6.00	7.34	8.50	2.00	9.67	2.50
EXPERIENCE AND/OR HISTORY OF SUCCESSFUL PROJECTS AND ENDEAVORS CARRIED OUT BY THE PROPONENT (Section C)							
Total for Experience	30.00	30.00	30.00	30.00	30.00	30.00	30.00
SOURCE OF PROPOSAL FUNDING AND FINANCIAL WHEREWITHAL OF THE PROPONENT (Section D)							
Total for Funding	20.00	13.32	13.32	6.66	0.00	0.00	0.00
Score	100.00	82.93	80.82	70.26	71.00	42.17	34.67
Revised Score	100.00	76.27	74.90	65.64	71.00	42.17	34.67

Based on the scoring of the proposals, Schinkel obtained the highest evaluation and is the recommended bidder.

For comparison purposes, the City received three other bids to purchase the Subject City Property of $12.161 million, $9.5 million and $1.00. The joint venture proposal offered distributions of $25.095 million over a 14-year period which the proponent converted to a net present value of $15.39 million (the proposal was renegotiated in the shortlisting process to improve the financial position). The second joint venture proposal offered a rental payment of $450,000 over 10 years (the RFP did not solicit bids for rental contracts).

Schinkel Sale Proposal:

Schinkel proposed a purchase price of $13,680,013 for the Subject City Property. The sale will be conditional upon approval of the development and subdivision of the Subject City Property and no realty commissions are payable. The proponent expects the transaction to close approximately one year from the date of sale approval.

Schinkel indicated that their development plan was submitted to the RM of Headingley for review prior to the closing date of the RFP. Schinkel is optimistic that their development plan will be approved by the RM and will include 36 acres of parkland, 13 acres of commercial land, 29 acres of multi-family land, and the balance to be developed with 339 single family lots (subject to amendments made by the RM of Headingley). A major focus of the development will be connected walking paths and a large park along the river. The development is expected to be completed over a period of 10 years. A Concept Plan of the development is attached as Schedule C.

Subject to approval of the recommendations, the Public Service will draft an Offer to Purchase Agreement that embodies the Terms and Conditions outlined in Schedule A.

FINANCIAL IMPACT

Financial Impact Statement

Date: October 28, 2021

Project Name:

First Year of Program **2023**

Proposed Sale of City-owned Property – 4540 Portage Avenue (John Blumberg Golf Course)

	2023	2024	2025	2026	2027
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	$ 1,501,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	13,680,013	-	-	-	-
Net Cost/(Benefit)	$ (12,179,013)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(7,653,000)	-	-	-	-
Net Budget Adjustment Required	$ (4,526,013)	$ -	$ -	$ -	$ -

Additional Comments: Revenue represents Schinkel's proposed purchase price of the City lands while direct costs represent the net book value of the property as at an assumed closing date of July 1, 2023. Existing budget amounts represent the $9.154 million appraised value of the subject City property less then net book value of $1.501 million. In accordance with Council direction, of the $12.179 million in net proceeds, $0.7 million will be retained by Golf Services while $11.479 million will be held in the Land Operating Reserve until such time as the Transformative Reserve Fund is established.

Mike McGinn Oct. 28, 2021

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services (as to legal issues)
- Golf Services
- Office of the CAO – Strategic Planning & Economic Development & Policy

OURWINNIPEG POLICY ALIGNMENT

N/A

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate and Land Development
Prepared by: Leah Furedi, Senior Negotiator
Date: October 29, 2021
File No: N/A

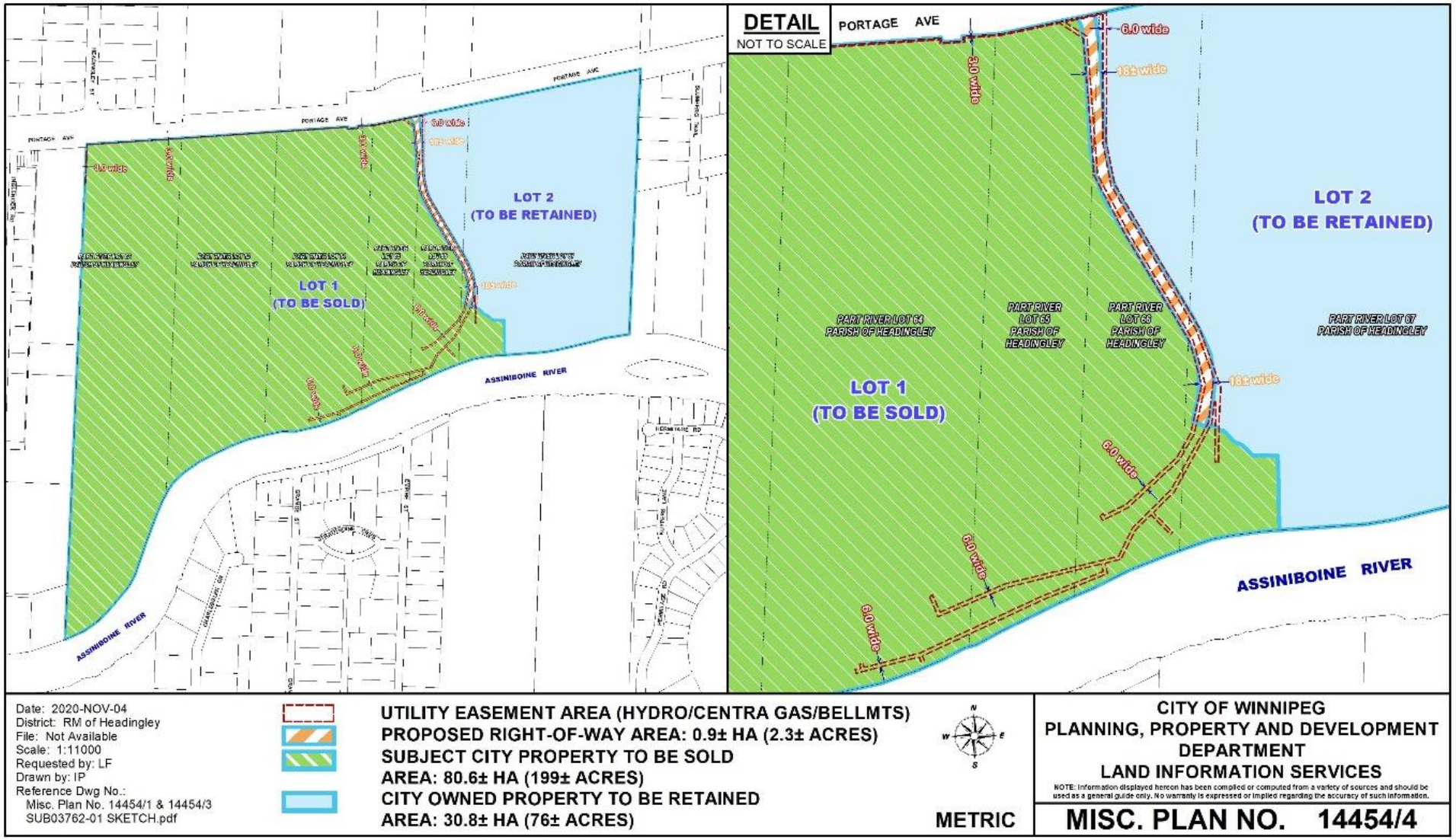
Attachments:

Schedule A – Terms and Conditions
Schedule B – Misc. Plan No. 14454/4
Schedule C – Concept Plan

Schedule A

Vendor:	The City of Winnipeg (“City”)
Purchaser:	Schinkel Properties Inc.
Proposal:	Purchase of the Subject City Property and develop 339 single family residential lots plus 13 acres of commercial land, 29 acres of multi-family land, connected walking paths and 36 acres of parkland;
Development Site:	Subject City Property (Lot 1) identified on Misc. Plan 14454/4;
Purchase Price:	$13,680,013
Sale Conditions:	Sale is subject to development/subdivision approval from the RM of Headingley; Purchaser to submit a development application, at their sole cost, which facilitates the creation of Lots 1 and 2 and a public right-of-way as identified on Misc. Plan 14454/4, wherein Lot 2 will be retained by the City; No realty commissions payable; Purchaser to develop and subdivide the Subject City Property in a manner which is consistent with the concept plan submitted by the Purchaser;
Closing Date	The Date of Closing, Possession and Adjustments shall be three hundred sixty-five (365) days following the date of final approval by the City of Winnipeg’s Council, or its delegated authority or such other date as mutually agreed to and approved by the City’s Director of Planning, Property and Development (hereinafter called the “Director”).

Schedule B


DETAIL
NOT TO SCALE
PORTAGE AVE
LOT 1
(TO BE SOLD)
LOT 2
(TO BE RETAINED)
ASSINIBOINE RIVER
PART RIVER LOT 64
PARISH OF HEADINGLEY
PART RIVER
LOT 65
PARISH OF
HEADINGLEY
PART RIVER
LOT 66
PARISH OF
HEADINGLEY
PART RIVER LOT 67
PARISH OF HEADINGLEY
6.0 wide
19± wide
Date: 2020-NOV-04
District: RM of Headingley
File: Not Available
Scale: 1:11000
Requested by: LF
Drawn by: IP
Reference Dwg No.:
Misc. Plan No. 14454/1 & 14454/3
SUB03762-01 SKETCH.pdf
UTILITY EASEMENT AREA (HYDRO/CENTRA GAS/BELLMTS)
PROPOSED RIGHT-OF-WAY AREA: 0.9± HA (2.3± ACRES)
SUBJECT CITY PROPERTY TO BE SOLD
AREA: 80.6± HA (199± ACRES)
CITY OWNED PROPERTY TO BE RETAINED
AREA: 30.8± HA (76± ACRES)
N
W
E
S
METRIC
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT
DEPARTMENT
LAND INFORMATION SERVICES
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.
MISC. PLAN NO. 14454/4

Schedule C

