Proposed Sale of Surplus City-owned property on Wilkes Avenue - Exchange of Lands for 421 Glasgow Avenue - Glasgow Enterprises Ltd.

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18. The Standing Policy Committee on Property and Development has been advised that the City requires an interest in part of 421 Glasgow Avenue for the purposes of completing its construction of the Churchill Parkway. The acquisition of this property has been negotiated via a land exchange for surplus City-owned property on Wilkes Avenue. Approval by Council is required as the acquisition of 421 Glasgow Avenue has not been approved in a capital program.

On December 17, 1997, Council adopted the recommendation of its Standing Policy Committee the Standing Policy Committee on Property and Development and declared the City property on Wilkes Avenue, as outlined on Misc. Plan No. 9547/13, surplus to its requirements. This property, being part of a larger site, was then subsequently sold on a "conditional" basis on several occasions. The two conditional transactions did not materialize.

On June 3, 1999, the Standing Policy Committee on Property and Development approved the sale of the easterly part of the larger site shown as "subject City property" on Misc. Plan No. 9547/6 (4.1329 acres of the 6.4569 acre site leaving 2.324 acres available for sale) to the Khartum Shrine Temple for the price of $100,000.00 with Khartum Temple being responsible for outstanding local improvement charges, trunk service rate charges and the cost of future services to be installed along Wilkes Avenue in the future.

The details of the remaining surplus City-owned property are as follows:

Location:	North side of Wilkes Avenue between the Khartum Shrine Temple at 1155 Wilkes Avenue and The Golf Dome at 1205 Wilkes Avenue
Roll Number:	12-070060600
Assessed Value:	$101,000 (2002 assessment)
Legal Description:	Parcels A and B, Plan 38447
Description:	Shown as "subject city property" on Misc. Plan No. 9547/13
Site Size:	Irregular 2.324 acres
Zoning:	"M-2" Industrial District
Certificate of Title:	1725489

The Planning, Property and Development Department received an enquiry from Glasgow Enterprises Ltd. (Glasgow) as to the availability of the City's Wilkes Avenue site. Glasgow advised that its prior autobody facility at 421 Glasgow Avenue had been destroyed by fire and that it wanted to reconstruct an autobody shop at the Wilkes Avenue location. Glasgow Enterprises Ltd. provided the Department with an Offer to Purchase in the amount of $150,000.00.

The Department, recognizing the opportunity to satisfy the City's property needs at 421 Glasgow Avenue, counter offered at a proposed price of $182,500.00 subject to, amongst other things, the Purchaser granting the City an easement at the 421 Glasgow Avenue site for the Churchill Parkway pathway purposes. This easement requirement is one of the last three interests that the City requires to finalize the alignment for the Churchill Parkway. The Standing Policy Committee on Property and

Development has considered several reports dealing with the issues standing in the way of the completion of this project. The Department viewed Glasgow's proposal as an important and critical opportunity to resolve at least the issue at 421 Glasgow Avenue.

Glasgow Enterprises Ltd. indicated that they would be interested in accepting the Department's counter offer and suggested that as an alternative it would be prepared to exchange its property at 421 Glasgow Avenue for the City's Wilkes Avenue site with the City paying a cash difference of $37,500.00.

In following up on Glasgow's proposal, the Department suggested an equal exchange with no differential payment being owed by either party. On May 22, 2002, Glasgow responded that it would submit a cash offer in the amount of $182,500.00 without provision for the City's easement and that it will submit an alternate offer based on the exchange alternative. Glasgow's preference is clearly the exchange alternative. Glasgow also advised that it would submit formal offers in accordance with these two alternatives.

The details of the anticipated alternative Offers to Purchase are as follows:

<u>Part A - Property to be conveyed to Glasgow Enterprises Ltd.</u>

Proposed Purchaser:	Glasgow Enterprises Ltd., 150 Southwalk Bay, Winnipeg (James Stuart Nicol - Director) (Jessie Nicol - Director) (Janice MacRae - Director)
Price Offered:	$182,500.00
Deposit:	$25,000.00
CT No.:	1725489
Legal Description:	Parcels A and B, Plan 38447 as shown on Misc. Plan No. 9547/13
Assessment:	$101,000.00
Size:	2.324 Acres
Zoning:	"M2" Industrial District
Terms/Conditions:	The following special conditions have been added in addition to the City's standard terms and conditions for the sale of industrial/commercial property.

<u>Special Conditions - Due Diligence Conditions</u>

The Planning, Property and Development Department stated that it is understood and agreed that this Offer to Purchase is subject to the following due diligence conditions being satisfied on or before ninety (90) days from the date of approval of the sale:

- that the subject property can be used for the Purchaser's purposes. i.e. auto body repair and paint shop; and,
- that title to the subject property is satisfactory to the Purchaser.

In the event that the Purchaser is unable to satisfy the above due diligence conditions on or before 90 days from the date of approval of the sale and so advises the City in writing accordingly on or before 90 days from the date of approval then the sale becomes null and void and the deposit monies will be returned to the Purchaser. If the Purchaser advises the City that it has been able to satisfy the due diligence conditions the deposit monies will become non refundable.

The Planning, Property and Development Department advised that the property is already zoned "M2" Industrial District, which permits the development of an autobody shop at this location. The Purchaser will need to satisfy itself as to zoning.

The Planning, Property and Development Department also advised that the City's Certificate of Title would be subject to easements in favour of the City for Winnipeg Hydro and for wastewater sewer purposes. The Purchaser will need to satisfy itself as to the status of the City's title.

Special Conditions – Servicing Costs

The Planning, Property and Development Department stated that it is understood and agreed that the City is responsible for the following:

1. The Trunk Service Rate (TSR) charges that apply to the subject City property.
2. Commutation of the outstanding local improvements, i.e. wastewater sewer.
3. Future Land Drainage Sewer (LDS) oversizing as it may apply to the subject City property.
4. The following charges (including GST) for future Wilkes Avenue improvements as they may apply to the subject City property:
    A. pavement
    B. sidewalk
    C. boulevard
    D. lighting
    E. land drainage lateral

The Purchaser is to be responsible for any and all costs of levies for improvements other than those identified above.

The Planning, Property and Development Department further stated it is understood and agreed that if and when a permanent land drainage system is constructed to service this location, the property owner will terminate the private connection to the temporary land drainage piping (to the East) and will connect to the permanent system, all at the property owners expense.

The Department's pricing schedule included the prepayment of the above noted services and improvements (these were the same services that were taken into consideration in the sale of the adjacent lands to The Golf Dome and to the Khartum Shrine Temple). On the basis of a cash transaction, the sale proceeds would be distributed to the various internal Accounts to pay for these servicing obligations.

Part B - Property to be Conveyed to the City under the Exchange Proposal

Location:	421 Glasgow Avenue between Togo Avenue and Glasgow Avenues fronting on the left bank of the Red River
Legal Description:	Lots 7/9 Block 2 Plan 319 and SP Lots 6 & 7, Plan 27,602 shown as 421 Glasgow Avenue on Misc. Plan No. 9598/3

Certificate of Title:	1236760, 1397941 Note: As at May 23, 2002, these titles are free and clear of encumbrances, with the exception of the easement in favour of the City.
Owner:	Jessie Nicol
Roll Number:	12-1-151125
Assessed Value:	$237,000.00 (2002)
Size:	Irregular 2,685.18 square metres (28,904 square feet)
Zoning:	"C2" Commercial
Special Notes:	Glasgow Enterprises Ltd. have advised that pursuant to the site clean up subsequent to the fire, its insurer is remediating the environmental contamination of this property to meet the Canadian Council of Ministers of the Environment (CCME) guidelines for residential properties.

On May 10, 2002, the Board of Adjustment approved the re-establishment of an autobody shop at 421 Glasgow Avenue together with variances for loading and accessory parking; notwithstanding the fact that the Planning, Property and Development Department recommended that the applications be denied. An appeal has been filed, and as at May 27, 2002, had not been dealt with.

In considering the alternative proposals (i.e. an outright sale of the Wilkes Avenue property versus the land exchange alternative), the Planning, Property and Development Department supports the land exchange for the following reasons:

1. The land exchange would result in the City becoming the owner of the property at 421 Glasgow Avenue and would thus enable the City to control and determine the end use of this property, which would be compatible with this community;

2. The exchange will result in the City acquiring its property interests in connection with the Churchill Parkway. If this proposed land exchange is not completed, and if a higher order commercial or residential use is not established on this site (which might benefit from the establishment of a riverwalk connection at this location), then, the Department advised that, short of expropriating the easement, there is little likelihood of a successful acquisition of the easement requirements in the short term;

3. In the opinion of the Department, the respective properties are equal in value. There is no additional payment owing by the City and as such, the land exchange would probably reduce the City's long-term project costs of acquiring property interests to complete the Churchill Parkway. With this proposed exchange, there is a possibility that the property acquisition component of this Project can be accomplished within budget.

The Churchill Parkway Project Account will finance the costs of affecting the land exchange, in so far as the conveyance to the City of 421 Glasgow Avenue is concerned. However, this Account will not be able to finance the City's obligations pursuant to the terms of sale relative to the Wilkes Avenue property. The City will be obligated to pay and to commute servicing costs in the approximate amount of $125,000.00. The Planning, Property and Development Department recommended that this obligation be funded from the net sale proceeds to be received in the sale of the residual property at 421 Glasgow Avenue (i.e. that part of 421 Glasgow Avenue which is not required for the Churchill Parkway Project). The Department will need to subdivide, perhaps rezone, and market the residual Glasgow Avenue property. Therefore, the payment of the servicing costs will need to be deferred until such time

as the property is sold. The Department believes that the sale proceeds of the residual property will be adequate to finance the payment of these servicing cost obligations.

The Standing Policy Committee on Property and Development recommends:

I. That the City-owned property shown as "subject City property' on Misc. Plan No. 9547/13 be conveyed to Glasgow Enterprises Ltd. in exchange for the conveyance to the City of 421 Glasgow Avenue as shown on Misc. Plan No. 9598/3 on an equal exchange basis, and subject to such additional terms and conditions as are deemed necessary by the City Solicitor/Manager of Legal Services and the Director of Planning, Property and Development to protect the City's interests and to achieve the intent of the foregoing.

II. That the net sales proceeds accruing from the sale of that part of 421 Glasgow Avenue not required for the Churchill Parkway Project be directed to the payment of the City's obligations to pay the servicing costs as outlined herein, and as applicable to the Wilkes Avenue property and that those payments be deferred until such time as the property has been sold.

III. That the Chief Administrative Officer be delegated the authority to declare that part of 421 Glasgow Avenue which is not required for the Churchill Drive Parkway Project as surplus to the City's needs and to market the residual lands for sale purposes.

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