Minute No. 35
Report - Standing Policy Committee on Property and Development - November 2, 2004

Item No. 13 **Sale of City Lands - west side of Main Street north of Sutherland Avenue**
File FI-2.4(34)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submits the following to Council:

1. That the subject City-owned property, shown shaded on Misc. Plan No. LSWK 7853/2, be declared surplus to the City's requirements.

2. That the sale of the City-owned property, shown shaded on Misc. Plan No. LSWK 7853/2, in favour of 2152932 Manitoba Ltd. for the purchase price of $15,000.00 be approved in accordance with the terms and conditions of the Offer to Purchase dated August 30, 2004.

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

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DECISION MAKING HISTORY:

Moved by Councillor De Smedt,
That the recommendation of the Standing Policy Committee on Property and Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On November 2, 2004, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

Re: Sale of City Lands West Side of Main Street North of Sutherland Avenue
Lord Selkirk – West Kildonan
Mynarski Ward

For submission to: **The Standing Policy Committee on Property and Development**

Original report signed by: **Director of Planning, Property and Development**

Report date: October 21, 2004

Recommendation(s):

1. That the subject City-owned property, shown shaded on Misc. Plan No. LSWK 7853/2, attached, be declared surplus to the City's requirements.

2. That subject to the approval of Recommendation No. 1, the proposed sale of the City-owned property shown shaded on Misc. Plan No. LSWK 7853/2, in favour of 2152932 Manitoba Ltd., for the purchase price of $15,000.00 be approved in accordance with the terms and conditions of the attached form of Offer to Purchase dated August 30, 2004.

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

REPORT SUMMARY

Key Issues:

The subject City property was acquired as three separate sites under tax sale certificate numbers 88/44, 91/40 and 91/41 in February 1987 and December 1989.
The Department has determined that there is no civic need to retain this property.

The Department is, by this Report, seeking Council's approval to declare the subject City-owned property surplus to the City's needs.

The Department seeks approval of the sale of the City-owned property to 2152932 Manitoba Ltd., for the purchase price of $15,000.00, in accordance with the terms and conditions of the attached form of Offer to Purchase dated August 30, 2004.

Implications of the Recommendation(s):

General implications:

X	None
	For the organization overall and/or for other departments
	For the community and/or organizations external to the City of Winnipeg

☐ **Involves a multi-year contract**
Comment(s):

Policy implications:
☒ **No**
☐ **Yes**
Comment(s):

Environmental implications:
☒ **No**
☐ **Yes**
Comment(s):
The Real Estate Division has not conducted an Environmental Site Assessment (ESA) on this property. In accordance with the Sales and Purchase Agreement, the Purchaser will have an opportunity to conduct its own ESA, at its own cost.

Human resources implications:
☒ **No**
☐ **Yes**
Comment(s):

Financial implications:
☒ Within approved current and/or capital budget
☐ Current and/or capital budget adjustment required
Comment(s):

REASON FOR THE REPORT:

The Planning, Property and Development Department is in receipt of an Offer to Purchase the subject City property shown shaded on Misc. Plan No. LSWK 7853/2. Authority rests with the Standing Policy Committee on Property and Development to approve the sale of City-owned lands.

By this Report, the Department is also requesting Council to declare the subject property as surplus to the City's requirements.

HISTORY:
The subject City property shown shaded on Misc. Plan No. LSWK 7853/2 was acquired as three separate sites under tax sale certificate numbers 88/44, 91/40 and 91/41 in February 1987 and December 1989.

On November 25, 1997, the Standing Policy Committee on Property and Development:
Rejected an offer of $15,000 from Earn Holdings Ltd.;

Authorized the Director of the Land and Development Services Department to list the property for sale with Colliers Pratt McGarry.

The Subject Property was subsequently listed for sale with Colliers Pratt McGarry during the period of December 1997 to October 2000. The Department has not received any serious interest in the site over the last seven years.

Details of the subject property are as follows:

Location: West side of Main Street, between Jarvis and Sutherland Avenues
Legal Description: Lots 15/20, Plan 31943 (Misc. Plan No. LSWK 7853/2)
Certificates of Title: 1378085, 1378082 and 1378077
Roll Numbers: 14001102000, 14001103000 and 14001104000
Assessment (2004): $38,100.00
Realty Taxes: $736.00
Size: 20.156 x 50.53 = 1018.5m²
(66.128 x 165.78 = 10,963 ft²)
Zoning: C1.5 - Commercial District

DISCUSSION:

The Planning, Property and Development Department is in receipt of an Offer to Purchase the subject City property from the adjoining owners of the New West Hotel located at 786 Main Street. Details of the Offer are as follows:

Purchaser: 2152932 Manitoba Ltd., 786 Main Street
(Surinder Duggal, Baljit Panchhi & Nirbhai Dhaliwal)
(owners of the adjacent New West Hotel to the south)
Appraised Value: $11,000.00
Price Offered: $15,000.00
Deposit: $2,250.00
Terms and Conditions: The City's standard terms and conditions, including a requirement for the property, to be consolidated with the adjacent Purchaser's property.

The Purchaser has advised that it was interested in acquiring the property for the purpose of a small expansion to its existing facility (New West Hotel) or for the addition of an outdoor patio area.
As a courtesy, the Planning, Property and Development Department approached the owners of the adjoining apartment block located to the north of the subject property at 794 Main Street to determine whether they had any interest in acquiring the property. An Offer to Purchase

document was provided to the owners of the apartment block, however, the Department has not received any response.

The demand for this property is very limited because of the lack of a rear access to the site. A single use building would require parking being restricted to the Main Street frontage unless other arrangements could be made with the adjoining holdings. In addition, the Planning and Land Use Division has indicated that access to the property from Main Street is a concern. The highest and best use of the property is therefore considered to be consolidation with the adjoining property owners or reserved for future development.

The subject City property is located immediately north of the CPR Higgins underpass. This portion of Main Street has experienced decline because of the age and condition of the buildings in the area. Efforts are being made to improve the streetscape and business environment through various initiatives. Consolidation of the subject property with the adjacent hotel provides an opportunity for the hotel to enhance its business activities and streetscape.

A recent appraisal on the property estimated the market value to be in the range of $11,000.00. The price offered is above the current appraised value of the property.

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Planning and Land Use Division & Zoning and Permits Branch
This report submitted by:

Planning, Property and Development Department
Division: Real Estate
Prepared by: Gerry Anderson
PPD File #: 32/6572

Document name: o:\reports directive\real estate\sales\(ga)sale of city lands w side of main n of sutherland.doc

Financial Impact Statement

Date: October 19, 2004

Project Name:

Sale of City Lands West Side of Main Street North of Sutherland Avenue

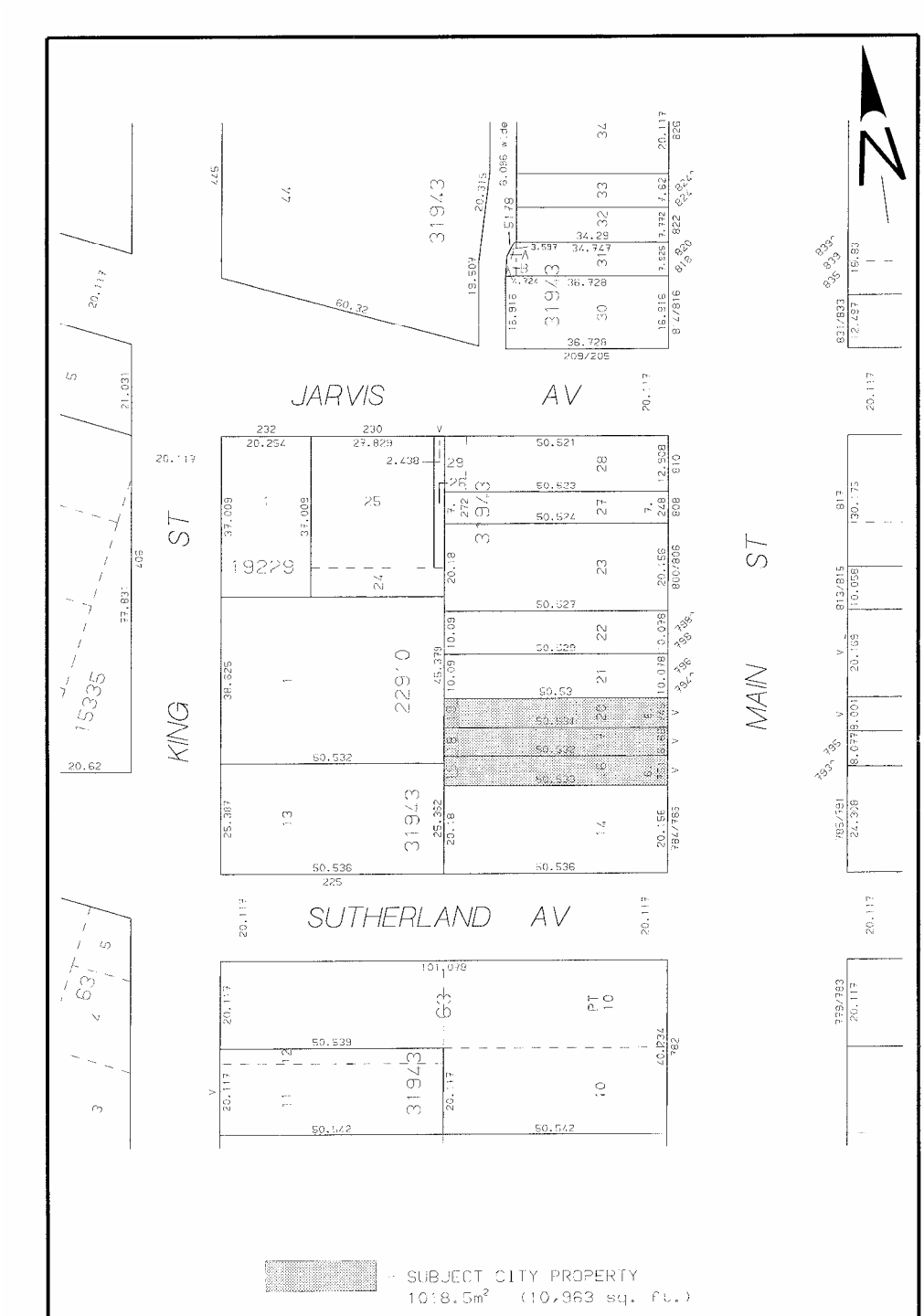
First Year of Program 2005

	2005	2006	2007	2008	2009
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	15,736	736	736	736	736
Net Cost/(Benefit)	$ (15,736)	$ (736)	$ (736)	$ (736)	$ (736)
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (15,736)	$ (736)	$ (736)	$ (736)	$ (736)

Additional Comments:

The municipal property taxes of $736/annum were caluclated based on the current assessed value of $38,100, a 65% portioning rate, and the current mill rate of 0.029686. The property was assumed to be included on the tax roll effective January 1, 2005.

"Original signed by"
Mike McGinn, CA
Manager of Finance


JARVIS AV
SUTHERLAND AV
KING ST
MAIN ST
N
SUBJECT CITY PROPERTY
1018.5m² (10,963 sq. ft.)
THE CITY OF WINNIPEG
LAND & DEVELOPMENT SERVICES DEPT.
SCALE: 1:1000
DATE: 97 10 20
REVISIONS
ATLAS: Y25
FILE: 32/6573
W.O.
F.B.
METRIC
MISC. PLAN No. : LSWK 7853/2

File No: 32/6572

INDUSTRIAL/COMMERCIAL

OFFER TO PURCHASE

The Undersigned (hereinafter called "the Purchaser") hereby offers to purchase from The City of Winnipeg (the "City") the following lands: -

Lots 15/20 Plan 31943 shown as Subject City Property on Misc. Plan No. LSWK 7853/2.

(hereinafter called the "lands")

for the sum of $15,000.00 cash, and upon the following terms and conditions:

1. (1) Attached to this Offer is the Purchaser's certified cheque payable to "The City of Winnipeg" in the amount of $2,250.00, and represents an amount equal to fifteen (15%) percent of the purchase price which the Purchaser tenders by way of deposit, and which sum shall be applied to the purchase price if the sale is approved by the City's Standing Policy Committee on Property and Development and/or City Council (in the event that Council approval is required). The Purchaser agrees to pay the balance of the purchase price, interest and adjustments on or before the date of closing.

(2) If the Purchaser fails to pay the balance of the purchase monies, interest and adjustments on or before the date of closing as in sub-clause (1) above provided, the City may, at its option, cancel the sale and retain the deposit as liquidated damages.

2. (1) The date of Closing, Possession and adjustments shall be on or before 120 days from the date of approval of the sale.

(2) The Purchaser agrees to pay as an adjustment an amount equal to the total of such taxes, rates and charges which would have been levied or charged against the Lands as though the Lands had been entered on the assessment rolls of the City as privately owned and subject to taxation, which adjustment shall be calculated from the date of adjustments to and including the last day of the current taxation year.

(3) The Purchaser shall pay interest in lawful money of Canada on all monies remaining outstanding and payable to the City as of the date of adjustments, which interest shall be calculated at the rate per annum equivalent to the prime lending rate in force by the City's Banker at the date of adjustments plus one (1%) percent, computed from the date of adjustments to and including the date all such monies and interest as aforesaid have been fully paid to the City.

3. Goods and Services Tax

(1) The Purchaser agrees to pay to the City all Goods and Services Tax applicable on the sale of the Lands or, if the Purchaser is a registrant under the Goods and Services legislation, the Purchaser shall advise the City in writing of its registration number The Goods and Services Tax is to be paid or the registration number provided to the City on or before the date of closing.

(2) If the Purchaser fails to pay the Goods and Services Tax or fails to provide its registration number as prescribed in sub-clause (1) of this Clause, the Purchaser agrees that all of the Purchaser's rights and interests in respect of the Lands shall, at the City's sole discretion, be fully ended without notice or any formality and all monies paid to the City by the Purchaser shall be retained by the City free from every claim.

4. The Purchaser will obtain possession of the Lands at the Purchaser's own expense.

5. The Purchaser will accept Title to the Lands subject to all exceptions, reservations and encumbrances expressed or implied in the City's Title.

6. The sale of the Lands to the Purchaser shall be subject to the provisions of the By-laws of the City of Winnipeg and all amendments thereto. Furthermore the

Purchaser acknowledges and understands that it's proposed use and development of the lands may require applications for rezoning, variances or conditional uses and/or amendments to Plan Winnipeg, which applications and resulting land dedication charges (if any) are to be at the sole cost and responsibility of the Purchaser.

7. The Purchaser agrees that the City may register and maintain a caveat against the Lands to ensure the performance of the covenants on the part of the Purchaser herein set forth, and the Purchaser agrees to grant and does hereby grant to the City an interest in the Lands according to the tenor of this Offer.

8. Upon closing of the sale, the Purchaser agrees to make application to the City Assessor (in form set out in Exhibit "A" attached) to have the Purchaser's name added to the Assessment Roll of the City as the Real Owner in respect of the lands.

9. The Purchaser agrees that in the event the Purchaser, at its sole cost, conducts or causes to be conducted an Environmental Site Assessment, it shall

(1) ensure that all work done in connection with such Environmental Site Assessment is completed no later than ninety (90) days from the Date of Approval, and

(2) maintain the Lands in safe condition at all times during the conduct of any work done in pursuance of this Clause 9; and

(3) restore the Lands to the same condition as prior to its entering in or upon same in pursuance of this Clause 9; and

(4) indemnify and save harmless the City from and against all damages and claims arising out of or in any way attributable to the conduct of any such Environmental Site Assessment; and

(5) provide copies of any such Environmental Site Assessment of the said Lands to the City for its own use, at no cost to the City no later than ninety (90) days from the date of approval.

AND in the event it is determined as a result of said Environmental Site Assessment, that contamination levels exceed Provincial Environmental Standards for the intended use of the Lands and documentation to that effect is produced to the City within ninety (90) days following the Date of Approval, the City, at its sole option, shall be entitled to:

take remedial action to bring the contamination levels to within the Provincial Environmental Standards;

OR

cancel the sale and return all monies paid in respect of the proposed sale by the Purchaser to that date, PROVIDED that the Applicant shall have first satisfied all conditions of this Clause 9.

AND FURTHER if the City has not been advised of any non-compliance of the lands to Provincial Environmental standards within 90 days from the Date of Approval, the Purchaser agrees to complete its purchase as herein contemplated and to indemnify the City against any and all claims arising from or in any way connected with the existence of contaminants of any kind at the Lands.

10 (1) The Purchaser agrees that the sale of the Lands shall be subject to any easement which may be required by a public utility, including, but not limited to the Manitoba Hydro, Manitoba Telephone System, Centra Gas, or The City of Winnipeg, for the maintenance of existing and future facilities together with the right to enter upon the Lands at any time, with or without equipment for said purposes and subject to the owner covenanting not to erect or cause to be erected upon the easement area any building or structure without the prior written consent of the public utility or The City of Winnipeg requiring such easement.

(2) The Purchaser to enter into agreements satisfactory to the said utilities or the City of Winnipeg.

(3) The Purchaser acknowledges that the City may grant the easements before the Transfer of Land issues.

11. The Purchaser acknowledges and agrees that notwithstanding any other terms, conditions or provisions in this agreement that:

(1) the City has given no representations or warranties with respect to the Lands or with respect to the value thereof or with respect to the Purchaser's intended uses or development or redevelopment thereof or with respect to the environmental condition of the Lands;

(2) the Purchaser has inspected or investigated the Lands, the title thereto, the Permitted Encumbrances, any tenancies and all other matters material to the Purchase and the proposed use of the Lands and that it is relying solely upon its own independent inquiries and investigations and the advice of its own consultants and there are no representations, warranties, guarantees, conditions, collateral agreements, covenants and agreements except those expressly set forth herein;

(3) the Purchaser agrees that it is purchasing the Lands on an "as is", "where is" basis, and is purchasing the Lands based entirely on its own examinations without any representation by or on behalf of the City or any agent of the City. The Purchaser acknowledges that it has relied entirely upon its own inspection and investigation with respect to quantity, quality and value of the Lands;

(4) any information supplied to the Purchaser by the City or its agents or representatives is and was supplied without any representation or warranty, and that the responsibility for verification of any such information shall be the responsibility of the Purchaser; and

(5) the Lands are deemed to be taken by the Purchaser at the Purchaser's own risk with all faults and imperfections whatsoever. The Purchaser agrees with the City that the application of "Buyer Beware" shall apply to the offer in the strictest meaning.

12. It is further understood and agreed between the parties that:

(a) The Purchaser will be responsible for all costs of developing the Subject Land including the servicing of the Land;

(b) The Purchaser will be acquiring the Subject Land in an "as-is, where-is" condition and has satisfied itself as to soil conditions zoning, access and environmental concerns;

(c) The Purchaser will be responsible for any and all costs associated with applications related to zoning, variances and conditional uses including application and processing costs and the payment of any dedication fees owing;

(d) The Purchaser and the City shall each pay their own legal and other consultant's fees with respect to this sale.

13. In consideration of the sale of the lands by the City to the Purchaser, the Purchaser covenants and agrees as follows:

The Purchaser shall at its sole cost, effort and expense, do all things as are necessary, including but not limited to causing to be prepared and registered at the Winnipeg Land

Titles Office, such documentation as may be required to ensure that the lands to be conveyed by the City and the Purchaser's adjoining property legally described as Lot 14 Plan 31943 (herein called the "Purchaser's adjoining property") are consolidated so as to constitute a single and indivisible parcel. The Purchaser does hereby acknowledge that in complying with this obligation it may be required to arrange for the discharge and re-registration of existing encumbrances against the Purchaser's adjoining property.

14. Time shall be of the essence of this Offer.

15. The Purchaser will not file any caveat or other encumbrance against the Lands before the transfer of the Lands to the Purchaser.

16. The word "Purchaser" shall have a plural meaning in the event that more than one party is making this offer, and the masculine shall mean the feminine or neuter as the case may be.

17. The Purchaser is hereby advised that soil conditions in Winnipeg are of the glacial till variety which are composed of Lacustrine Clays with Silt Intrusions. The Purchaser shall be responsible for any increased costs of development due to this random stratification.

18. The Purchaser acknowledges and agrees that sale of the Lands by the City is subject to the approval of City Council or its delegated authority.

19. The full, true and correct name of the Purchaser is as follows: -

2152932 Manitoba Ltd — 786 MAIN ST

Name (Please Print) Address

Purchaser's Registration No. (G.S.T.) 120700240RT0001

IN WITNESS WHEREOF the Purchaser has signed this document in

WPG., MB., this 30 day of AUG 2004

Witness — Authorized Signature

NIRBHAI DHALIWAL — VICE PRESIDENT

Name and Title of Authorized Signature (Please print)

Witness — Authorized Signature

Name and Title of Authorized Signature (Please print)

ACCEPTED this _____ day of _____, A.D., 2004

THE CITY OF WINNIPEG

Per:_____

DIRECTOR

Planning,Property and Development Department

Approved:

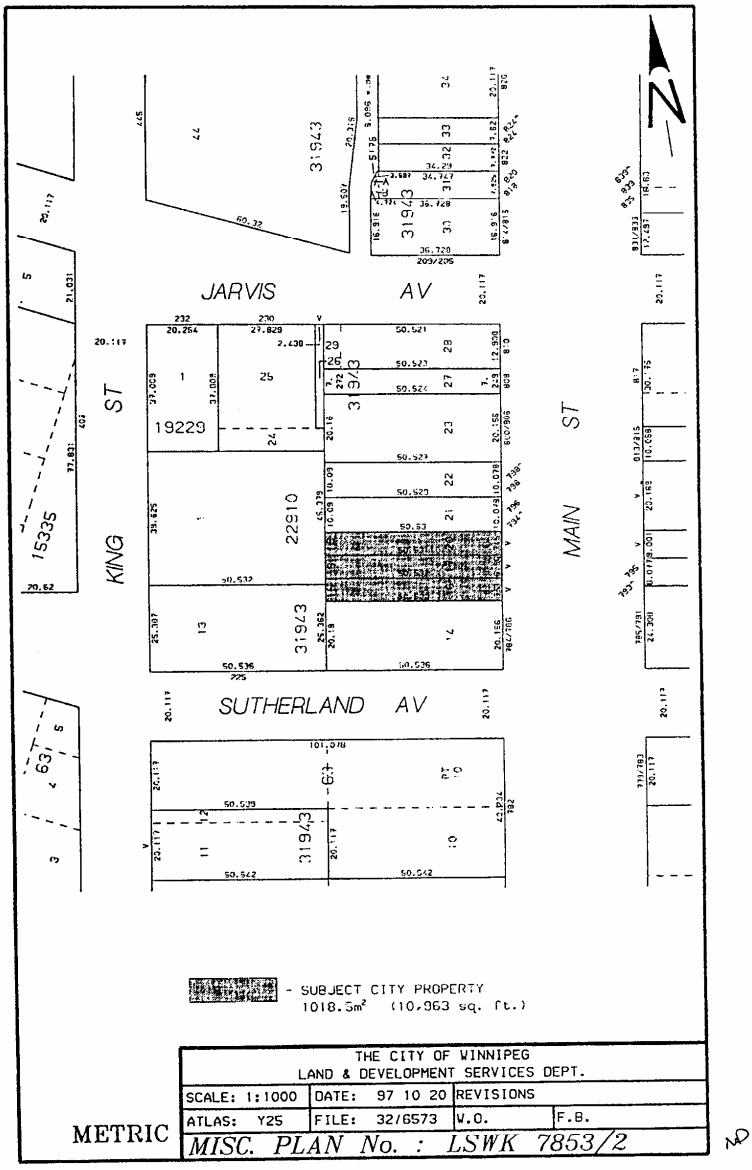
_____

Planning Property and Development Department

Certified as to form:

_____

for City Solicitor/Manager of Legal Services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