Agenda - Council - January 26, 2005

Report - Standing Policy Committee on Property and Development - January 10, 2005

Item No. 16 Sale of 637 Jarvis Avenue
File FI-2.4(34)

STANDING COMMITTEE RECOMMENDATION:

On January 19, 2005, 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 City owned property located at 637 Jarvis Avenue, shown on Misc. Plan No. 12011, be declared surplus to the City's requirements.

2. That the sale of the subject City property located at 637 Jarvis Avenue, shown on Misc. Plan No. 12011, to Burmey Building Ltd. for the price of $60,100.00 be approved in accordance with the terms and conditions of the Offer to Purchase dated December 7, 2004.

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 - January 10, 2005

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 19, 2005, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On January 10, 2005, 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: **Proposed Sale of 637 Jarvis Avenue**
Lord Selkirk-West Kildonan Community
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: December 22, 2004

Recommendation(s):

That subject to Council declaring the City owned property located at 637 Jarvis Avenue as shown on attached Misc. Plan No. 12011 surplus to the City's requirements:

1. That approval be given for the sale of the subject City property located at 637 Jarvis Avenue as shown attached on Misc. Plan No. 12011 to Burmey Building Ltd. for the price of $60,100.00 in accordance with the terms and conditions of the attached Offer to Purchase dated December 7, 2004.
2. 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 City acquired the subject property on April 23, 2004, pursuant to Tax Sale No. 104/271.
- The Planning, Property and Development Department marketed the property by:
    - Advertising the subject City property for sale in the Winnipeg Free Press on Saturday, November 13, 2004 and in the Winnipeg Sun on Sunday, November 14, 2004;
    - Installing appropriate signage on the property;
    - Posting a full information package on the City's internet web site. Letters were sent to all parties expressing interest in the subject property advising them of the offering. In accordance with the information package, Offers to Purchase were received up until 12 noon on Wednesday December 7, 2004.
- The Planning, Property and Development Department has received three Offers to Purchase the subject City owned property. A summary of these Offers are detailed in the attached Schedule "A".

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:

X	**No**
	Yes

Comment(s):

Environmental implications:

X	**No**
	Yes

Comment(s): A Phase I and II Environmental Site Assessment on the subject property confirmed that petroleum hydrocarbons exist at the site, however, concentration is below the current CCME guidelines. Boma Environmental and Safety Inc. has indicated that the property is not contaminated and that no further environmental investigation with this site is necessary.

Human resources implications:

X	**No**
	Yes

Comment(s):

Financial implications:

X	**Within approved current and/or capital budget**
	Current and/or capital budget adjustment required

Comment(s):

REASON FOR THE REPORT:

Council approval is required to declare City owned property surplus to the City's needs. Approval by the Standing Policy Committee on Property and Development is required for the sale of the subject City owned property located at 637 Jarvis Avenue.

HISTORY:

Certificate of Title No. 2011917 for the subject property located at 637 Jarvis Avenue was issued in the name of the City of Winnipeg on April 23, 2004, pursuant to Tax Sale No. 104/271.

The former owner, John Kissick, showed no interest in redeeming this property from tax sale. The costs incurred by the City pursuant to the tax sale process are in the amount of $43,230.18. The estimated cost of demolition is $7,000.00.

Details of the property are as follows:

Location:	637 Jarvis Ave., between McKenzie and McGregor Streets as shown on the attached Misc. Plan No. 12011
Legal description:	Lot 17 & 18, Block 47, Plan 331
Assessment:	$53,800.00
Zoning:	M2, Industrial
Site size:	30.175 m x 45.309 m = +/-1,367.2 m2 (99.0 ft x 148.65 ft. = +/-14,716.4 sq ft)
Listing Price:	$76,900.00
Property Description:	The subject property consists of a vacant, unheated, single detached, two-story industrial building built in 1905, comprising 1316 sq. ft., and in poor condition.

The subject property at 637 Jarvis Avenue was circulated in May of 2004, and no Civic need was identified.

The Planning, Property and Development Department advertised the subject City property for sale in the Winnipeg Free Press on Saturday, November 13, 2004, and in the Winnipeg Sun on Sunday, November 14, 2004. The property was further advertised by on site signage and a full information package was made available on the City's web site. Letters were also sent to all parties who had expressed a previous interest in the subject property. In accordance with the information package, Offers to Purchase were received up until 12 noon on Wednesday, December 7, 2004.

The Planning, Property and Development Department has received three Offers to Purchase for the subject City property. A summary of these Offers is attached hereto as Schedule "A".

DISCUSSION:

The Ward Councillor for the area was consulted with regard to making this property available for sale.

All offers submitted were in accordance with the Offer to Purchase documentation provided as part of the information package. The Offer to Purchase submitted by Burmey Building Ltd. was significantly higher than the other offers submitted and will involve the expansion of an existing business.

The Planning Property and Development Department recommends that Council declare the subject property at 637 Jarvis Avenue as shown on Misc. Plan No.12011 to be surplus to the City's requirements and that approval be given for the sale of said property to Burmey Building Ltd. for the price of $60,100.00 in accordance with the terms and conditions of the attached offer to purchase dated December 7, 2004.

Financial Impact Statement

Date: December 17, 2004

Project Name:
Sale of 637 Jarvis 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	60,100	-	-	-	-
Net Cost/(Benefit)	$ (60,100)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(60,100)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:
The proceeds of disposition are to be credited to the Land Operating Reserve Fund.

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

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

The Ward Councillor

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Real Estate Division
Prepared by: Gerry Anderson
PPD File #: 32/7458

Document name: o:\reports directive\real estate\sales\(ga)sale of 637 jarvis avenue.doc

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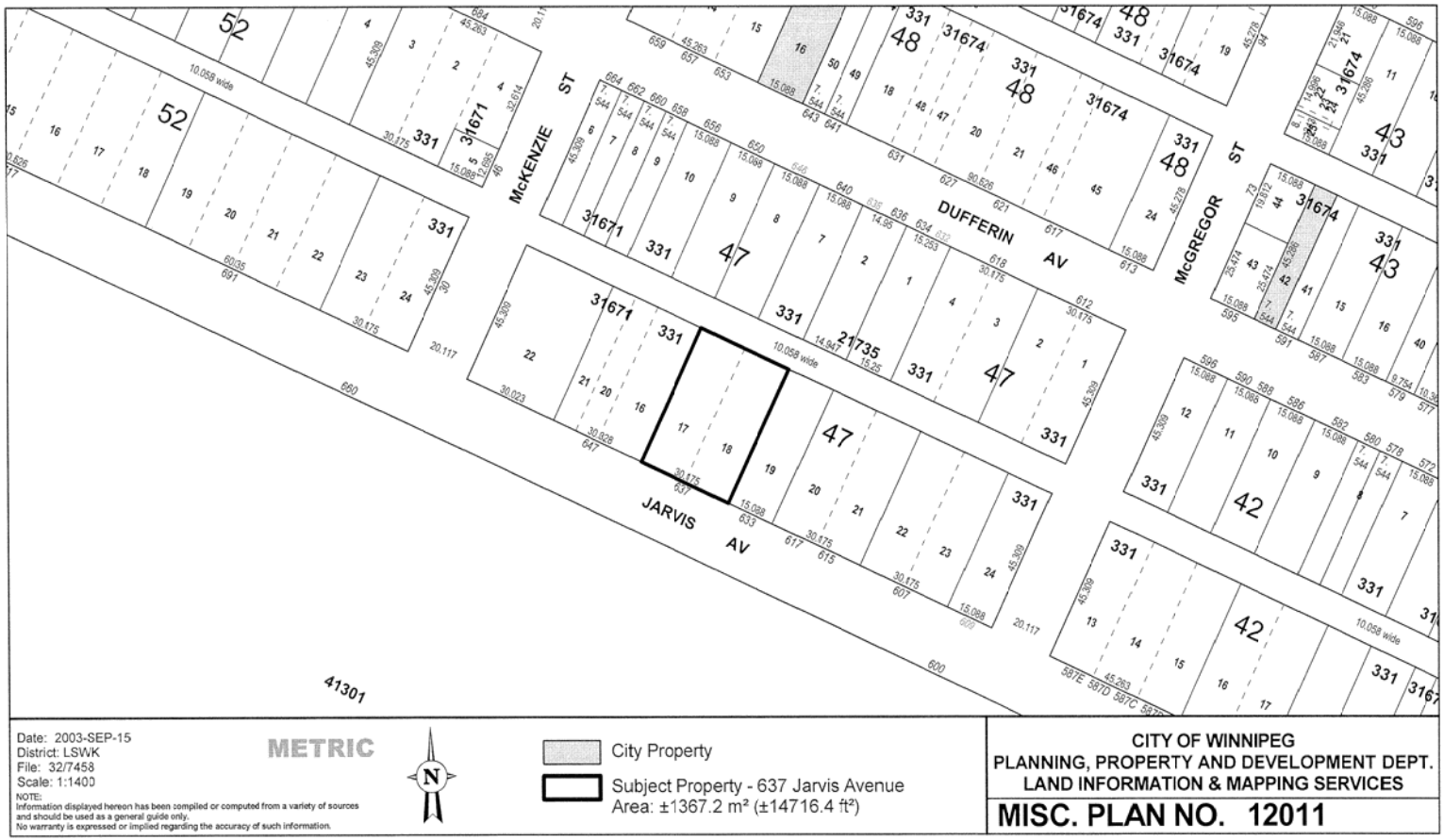
McKENZIE ST
DUFFERIN AV
McGREGOR ST
JARVIS AV
10.058 wide
41301
Date: 2003-SEP-15
District: LSWK
File: 32/7458
Scale: 1:1400
METRIC
NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only.
No warranty is expressed or implied regarding the accuracy of such information.
N
City Property
Subject Property - 637 Jarvis Avenue
Area: ±1367.2 m² (±14716.4 ft²)
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 12011

SCHEDULE "A"

637 JarvisAvenue

OFFEROR	CORPORATE OFFICERS	PRICE OFFERED	DEPOSIT	REAL ESTATE AGENT	LAND USE	COMMENTS
Burmey Building Ltd.	Darryl Burmey	60,100	9,015	None	Fencing property and expanding operation at 642 Dufferin Avenue	The offeror owns the property across the lane at 642 Dufferin Avenue
D & R Holdings	Richard Ray	41,000	6,150	None	Storage of Steel Crane truck and service trucks	Clean Offer
Rebecca Chartrand	Rebecca Chartrand	40,000	6,000	None	Storage of Building Supplies & Equipment	Status Indian Berens River First Nation (Clean Offer)

December 7th, 2004

To Whom It May Concern,

I, Darryl Burmey, am making an offer of $ 60,100.00 for the purchase of 637 Jarvis Avenue with a clear title and with no outstanding encumbrances. Enclosed is a check in the amount of $ 9,015.00 as a down payment. The balance of $ 51,085.00 will be made when my offer is accepted / approved. Due to the expansion of my business, I am seriously interested in acquiring the property of 637 Jarvis Avenue which is directly across the back lane from the property I currently own.

I am the present owner of 640 – 642 Dufferin Avenue. The property at 640 Dufferin includes a shop that is 48 feet by 112 feet and the property at 642 Dufferin includes a solid light proof fenced in storage compound for equipment. The reason that this type of fencing was chosen was to discourage vandalism and disallow passerby people from seeing what was actually inside the compound (cameras, alarms, etc.). Fortunately, theft and vandalism has been minimal.

The property at 637 Jarvis is approximately 100 feet by 150 feet and has been an eye sore for a long time. My plans regarding this property is to firstly / immediately clean up the site. This involves: demolishing and removing the existing buildings and fencing, and the removal of the old tires, garbage and debris.

Following cleanup, my plans are to erect a solid lightproof fence (similar to what exists at 642 Dufferin) that would surround a building and parking lot. I choose to have parking inside the fencing so that vandalism would be minimized.

I strongly feel that the development that occurred at 640 – 642 Dufferin has aided in a great improvement in the north end as well as created employment. Burmey Building, Triple J Estates and Darryl Burmey employ from 6 to 40 people yearly depending on the season and the workload. In reality more employment would be created should I get the opportunity of purchasing 637 Jarvis Avenue and expanding my business.

I can be reached at 661 4396.

Yours truly,

Darryl Burmey

File No: 32/7458

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 17 and 18 Block 47 Plan 331 WLTO (W DIV.) In RL 35 Parish of St John Shown as Subject Property- 637 Jarvis Avenue on Misc. Plan No. 12011

(hereinafter called the "lands")

for the sum of $ 60,100.00 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 $ 9,015.00, 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. Time shall be of the essence of this Offer.

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

14. 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.

15. 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.

16. 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.

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

Burmey Building Ltd. Box 27, Grp 342, RR #3 Wpg. MB R3C 2E7

Name (Please Print) Address

Contact Person: Darryl Burmey

Purchaser's Registration No. (G.S.T.) 89016 8271 RT 0001

IN WITNESS WHEREOF the Purchaser has signed this document in

Winnipeg, MB, this 7th day of December 2004

H. Anderson
Witness

Authorized Signature

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