

**Agenda – Standing Policy Committee on Property and Development, Heritage and  
Downtown Development – February 12, 2021**

**REPORTS**

**Item No. 21                      Proposed Sale of City-owned Property - 219 Provencher Boulevard  
and 212 Dumoulin Street  
(St. Boniface Ward)**

**WINNIPEG PUBLIC SERVICE RECOMMENDATION:**

1.        That the sale of 219 Provencher Boulevard and 212 Dumoulin Street (the “Subject Property”) to Manitoba Possible be approved for the purchase price of \$10,000.00, subject to the terms and conditions identified in Schedule A.
2.        That the City enter into, execute and deliver an Offer to Purchase Agreement with Manitoba Possible, 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 Chief Administrative Officer to negotiate and approve the terms and conditions of the Offer to Purchase and 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.

## ADMINISTRATIVE REPORT

**Title:** Proposed Sale of City-owned Property - 219 Provencher Boulevard and 212 Dumoulin Street

**Critical Path:** Standing Policy Committee on Property and Development, Heritage and Downtown Development

### AUTHORIZATION

Author	Department Head	CFO	CAO
M. Pittet	B. Kelly (Acting)	P. Olafson, Interim CFO	M. Ruta, Interim CAO

### EXECUTIVE SUMMARY

On November 12, 2019, the Public Service issued Request for Proposal (“RFP”) 982-2019 for the sale of the City-owned buildings located at 219 Provencher Boulevard and 212 Dumoulin Street (the “Subject Property”), part of the Old St. Boniface City Hall Campus.

The RFP closed on November 6, 2020 and four proposals were received and evaluated.

The Public Service recommends the sale of the Subject Property to Manitoba Possible (the “Purchaser”), who received the highest score in the evaluation, based on the criteria identified in the RFP. The recommended sale price is \$10,000.00 subject to other terms and conditions identified in Schedule A. The Purchaser will work with the existing tenants to secure a long-term occupancy, while also redeveloping the remainder of the available campus. The Purchaser proposes an Abilities Village which is a campus-development that will incorporate meaningful technology-driven employment, education/vocational training, social enterprises, and housing for persons with disabilities. This will create a strong model of accessibility and community integration in the St. Boniface neighbourhood.

The recommended purchase price is well below the appraised value. The City’s appraisal assumed a value at market rent, whereas the bidders proposed below market rents that caused depressed offering prices (and/or required a low purchase price to sustain their business plan). The offering price represents only one of the evaluation criteria and price alone did not determine the outcome of the evaluation. The Purchaser satisfies the intent of the RFP by aligning with the policy objectives of the North St. Boniface Secondary Plan. If the sale of the Subject Property is approved, the Purchaser will be required to subdivide the Old St. Boniface City Hall Campus in order to facilitate the transfer of property.

The Ward Councillor has been advised as to the intentions of the Public Service.

**RECOMMENDATIONS**

1. That the sale of 219 Provencher Boulevard and 212 Dumoulin Street (the “Subject Property”) to Manitoba Possible be approved for the purchase price of \$10,000.00, subject to the terms and conditions identified in Schedule A.
2. That the City enter into, execute and deliver an Offer to Purchase Agreement with Manitoba Possible, 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 Chief Administrative Officer to negotiate and approve the terms and conditions of the Offer to Purchase and 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**

On January 28, 2009, Council authorized the Chief Administrative Officer (“CAO”) to approve all sales of City-owned property that have been declared surplus where:

- I. the sale price is \$500,000 or less;
- II. the sale price is at least:
  - a. 95% of appraised value, or
  - b. 100% of the Standing Policy Committee on Property and Development pre-approved price;
- III. the property is being sold through a public offering and / or complies with the “Offers to Purchase City-owned Property policy”;
- IV. the offer is in the best interests of the City; and
- V. prior to public offering, the sale has written concurrence from the Ward Councillor.

The proposed sale does not comply with condition II of the CAO’s delegated authority.

The Standing Policy Committee on Property and Development, Heritage and Downtown Development has the authority to approve all sales in accordance with the “Policy for the Sale, Acquisition, Rental, Leasing and Management of Properties” adopted by Council on July 18, 1979.

**IMPLICATIONS OF THE RECOMMENDATIONS**

The proposed sale of the Subject City Property is in accordance with the City’s “Offers to Purchase City-owned Property Policy”. The Subject City Property was marketed through a Request for Proposal.

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.

Net proceeds from the sale of the Subject Property will be deposited in the Land Operating Reserve.

The Purchaser has indicated in their submission an intent to negotiate favourable long-term leases (10+ years), or other favourable management/sale options with the current tenants of 219 Provencher Boulevard. If acceptable terms cannot be reached within one year from the date of approval, the Purchaser is under no obligation to extend the current leases beyond their 2025 expiration dates.

The Purchaser must facilitate the subdivision of the Subject Property and the creation of a public lane. An example of a potential subdivision, as shown on Misc. Plan No. 12063/31, is identified in Schedule B. The boundaries of the subdivision may not be expanded into the sculpture garden which is located within Lot 4 identified in Schedule B. Existing artwork outside of the sculpture garden and the land on which it is situated will either be retained by the City or the artwork will be relocated to the sculpture garden at the City's cost.

#### **HISTORY/DISCUSSION**

The Subject Property is part of a larger landholding owned by the City, known as the Old St. Boniface City Hall Campus. The Campus was originally comprised of 219, 227, and 233 Provencher Boulevard and 212 Dumoulin Street.

Two of the Campus buildings are on the List of Historical Resources under the Historical Resources By-law 55/2014:

- 212 Rue Dumoulin – Former St. Boniface Fire Hall No. 1, listed Sept. 14, 1987
- 219 Provencher Boulevard - Former St. Boniface City Hall, listed Nov. 2, 1981

On October 24, 2007, Council declared the Old St. Boniface City Hall Campus surplus to the City's needs. The building located at 227 Provencher was intended to be sold first, but the marketing of the property was suspended until City staff no longer occupied the offices. Marketing of 227 Provencher and 212 Dumoulin Street both commenced in 2010.

On October 4, 2011, Standing Policy Committee on Property and Development approved the sale of 212 Dumoulin Street.

On December 12, 2012, Council approved the sale of 227 Provencher Boulevard and the property was successfully transferred to the new owner.

The sale of 212 Dumoulin could not be concluded with the Purchaser and was terminated in 2015. Subsequent to the failed sale, the Public Service re-evaluated the building condition of 212 Dumoulin inasmuch as the structure had deteriorated since the declaration of surplus in 2007. Asbestos, lead paint and mould issues were identified in 2017.

In February 2018, the Subject Property was circulated for civic need and comments. No comments were received.

In March 2018, the Public Service obtained an internal appraisal for 212 Dumoulin Street. The appraiser determined that the current market value was \$250,000.00, taking into consideration

the building condition and development limitations. The appraisal determined the building had a highest and best commercial use.

In April 2019, the Public Service obtained an external appraisal of 219 Provencher Boulevard. The appraiser determined that the current market value was \$2,100,000.00, taking into consideration the building condition and development limitations. The appraisal determined the building had a highest and best office use. The appraisal assumed a value based on market rent, rather than the existing below market rents.

On November 13, 2019, the Public Service issued RFP 982-2019 to solicit purchase proposals for the Subject Property. The proposed sale consists of 41,669 square feet of land area identified on attached Misc. Plan 12063/31 as follows:

- Proposed Lots 1 & 2 (212 Rue Dumoulin) is 1,431.9m<sup>2</sup> (15,413± ft<sup>2</sup>)
- Proposed Lot 3 (219 Provencher Boulevard) is 2,439.3±m<sup>2</sup> (26.256± ft<sup>2</sup>)

Lot 4 on Misc. Plan 12063/31 comprises 233 Provencher Boulevard and the sculpture garden and was not included in the RFP.

The evaluation criteria for the RFP were established by the Public Service and drew heavily from the lessons learned during prior marketing campaigns at the campus. Forty percent of the RFP evaluation was awarded to proposals which were compatible with the heritage conservation, culture and character of the old St. Boniface City Hall Campus and the North St. Boniface Secondary Plan By-Law No. 30/2017. The weighting of the compatibility criteria was a significant departure from past RFPs, where the sale price often receives the highest weighting. Schedule C contains a portion of the Secondary Plan which highlights the compatibility criteria.

The RFP was originally set to close on February 28, 2020, but was subsequently extended as requested by the Standing Policy Committee on Property and Development, Heritage and Downtown Development.

The RFP closed on November 6, 2020 and four proposals were submitted. Each proposal was evaluated and scored as follows:

	Requirement		Bidder A	Bidder B	Manitoba Possible	Bidder D
	Compliance	Pass/Fail	Pass	Pass	Pass	Pass
A	PRICE (Section A)	20.00	6.50	6.15	10.00	6.98
D3.3.3 (b)	Compatibility of proposed development with the heritage conservation, culture and character of the old St. Boniface City Hall Campus and the North St. Boniface Secondary Plan By-Law No. 30/2017	40.00	32.00	27.50	35.00	9.00
D3.3.3 (c)	Evidence of financial capability to complete the proposal without City of Winnipeg subsidy or grant	20.00	1.33	9.99	16.65	0.00
D3.3.3 (d)	Experience and/or history of successful projects and endeavors carried out by the Proponent	20.00	9.99	9.99	19.98	0.00
<b>Grand Total</b>		<b>100.00</b>	<b>49.82</b>	<b>53.63</b>	<b>81.63</b>	<b>15.98</b>

With the exception of the recommended bidder (Manitoba Possible), all other information has been kept confidential in accordance with the terms of the RFP.

All of the RFP responses submitted a purchase price which was significantly below market value.

**Manitoba Possible Proposal:**

Manitoba Possible intends to create an Abilities Village. The Abilities Village is a campus-development that will incorporate meaningful technology-driven employment, education/vocational training, social enterprises, and housing for persons with disabilities. This will create a strong model of accessibility and community integration in the St. Boniface neighbourhood.

Manitoba Possible intends to leave 219 Provencher as is, renovate 212 Dumoulin and construct new buildings. The proposed development will consist of 60% commercial, 34% residential and 6% retail with gross floor area 107,670 ft<sup>2</sup>, to be done in three phases:

- Phase I - Establish the foundational aspects of the development, create a new head office for Manitoba Possible on one of the surface parking lots and initiate the adaptive re-use of the Fire Hall as a community gathering place;
- Phase II - Development of the commercial and retail assembly which will house a Centre for Social Enterprise on one of the surface parking lots to create business opportunities;
- Phase III – Development of residential suites to accommodate 42 dwelling units in the northwest corner of the site, thereby completing the Abilities Village concept.

The intent of the phasing approach is “to ensure solid financial viability for the project and to give the community the necessary time to absorb the new interventions and oversee the successful evolution of the existing heritage buildings into strong community contributors”.

The Subject Property (Lots 1, 2 and 3 on Misc. Plan 12063/31) will be purchased for \$10,000 with the intention of retaining the existing tenants at 219 Provencher Boulevard. The purchase price below market value reflects the cost to maintain the buildings while also providing favourable terms to the tenants.

As previously noted, the Purchaser must attempt to negotiate long term leases with the tenants or provide other options for tenant retention. The Purchaser will have one year to negotiate in good faith.

If the recommendations of the Public Service are concurred in, the sale may conclude in the second quarter of 2022.

Subject to approval of the recommendations, the Public Service will draft an Offer to Purchase that embodies the recommended proposal.

It is noted that Manitoba Possible did submit an alternative proposal as part of the RFP response which considered a partial purchase of the Subject Property. The recommended sale proposes a sale of the entire Subject Property.

## FINANCIAL IMPACT

## Financial Impact Statement

Date: January 12, 2021

Project Name:

First Year of Program 2022

Proposed Sale of City-owned Property - 219 Provencher Boulevard and 212 Dumoulin Street

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<b>Capital</b>					
Capital Expenditures Required	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Funding Sources:</b>					
Debt - Internal	\$ -	\$ -	\$ -	\$ -	\$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Additional Capital Budget Required	<u>\$ -</u>				
Total Additional Debt Required	<u>\$ -</u>				
<b>Current Expenditures/Revenues</b>					
Direct Costs	\$ 188,319	\$ -	\$ -	\$ -	\$ -
Less: Incremental Revenue/Recovery	10,000	-	-	-	-
Net Cost/(Benefit)	<u>\$ 178,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Less: Existing Budget Amounts	178,319	-	-	-	-
Net Budget Adjustment Required	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Comments:</b> Direct costs consist of the book value of the properties to be sold (\$118,572) and the expensing of inventoried costs consisting of asbestos abatement, advertising, signage and translation services totaling \$69,747. Revenue of \$10,000 represents the proposed sale amount. The result will be a reduction of \$178,319 in the unallocated equity balance in the Land Operating Reserve.					

Mike McGinn Jan. 12, 2021

Mike McGinn, CPA, CA  
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

Materials Management  
Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

- 1. Section 03-1 Opportunity of OurWinnipeg encourages work with community partners to foster an equitable community.
- 2. The area in which the Subject Property is located is an “Area of stability” within the direction strategy of *Complete Communities*:
  - A. The vision provides for a sustainable city through the orderly development of living accommodations together with the supporting mix of educational, recreational, institutional, commercial and possibly industrial uses, at a scale and density compatible with each other. The *Complete Communities* policy supports the preservation of historical buildings such as the subject buildings. The key strategy is to support the on-going sustainable development of Winnipeg’s urban structure through heritage conservation initiatives. Civic/ light commercial uses are an ideal for this location.
- 3. Boulevard Provencher Planned Development Overlay (PDO-1)

The purpose of the Overlay is to encourage the protection of Provencher Boulevard with its cultural and historic significance to the French community as the neighbourhood main street for St. Boniface. This overlay shall apply to the lands fronting Provencher Boulevard, between Avenue Taché and Rue Langevin.

This area is intended to encourage properties on Provencher Boulevard to develop higher density mixed use developments subject to design review through a plan approval application process. The goal of the design review process is to ensure a built form that promotes a vibrant pedestrian environment.

Key Plan Considerations:

- A. Promote a vibrant, mixed-use main street that creates places for people.
- B. Density ranges should be between multifamily medium and large zoning categories.
- C. Design review for all multiple family residential, commercial and mixed-use developments.
- D. Parking should not be visible from the street, is to be located at the rear of the property and accessed from the lane.

The proposed sale of the Subject City Property to the Purchaser is in alignment with the above directions.



**WINNIPEG CLIMATE ACTION PLAN ALIGNMENT**

**Land Use: Facilitate Compact, Complete Development and Increase Density – Section 4.1**

*“Increase Strategic Infill Development that Provides Access to and Capitalizes on Existing and Planned Corridors with Frequent Transit Service (Primary Responsibility: Planning, Property and Development Department).”*

The recommendations of this report align with the Winnipeg Climate Action Plan as a proposed sale of this property would result in the infill development of this site.

**SUBMITTED BY**

Department: Planning, Property and Development  
Division: Real Estate and Land Development Division:  
Prepared by: Clifford Bignall, Real Estate Officer  
Date: January 18, 2021  
File No:

**Attachments:**

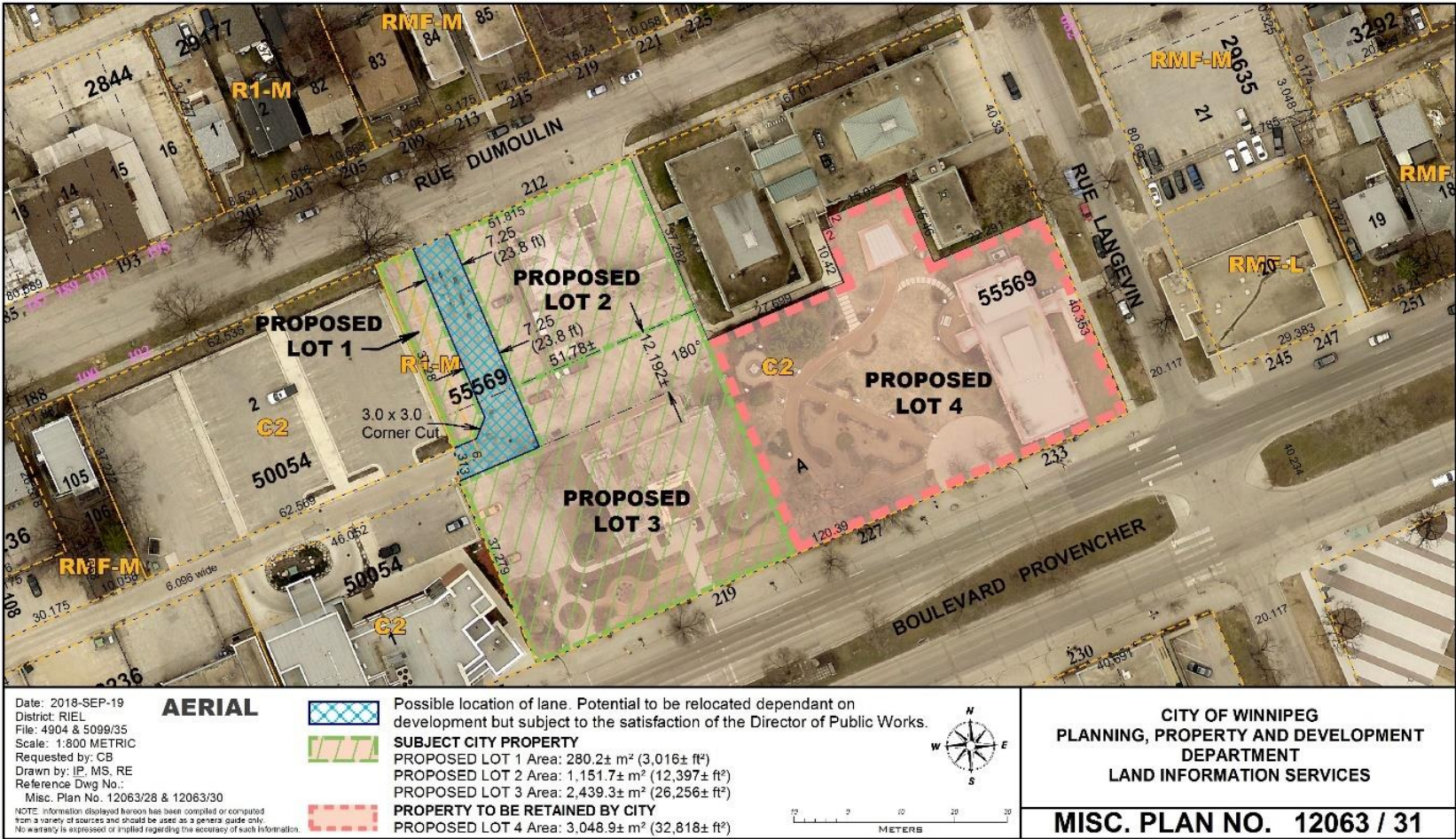
- Schedule A – Terms and Conditions
- Schedule B – Misc. Plan No. 12063/31
- Schedule C – North St. Boniface Secondary Plan excerpt

Schedule A

Terms and Conditions

Vendor:	The City of Winnipeg
Purchaser:	Manitoba Possible
Price:	\$10,000.00
Lands to be Sold:	Lots 1, 2 and 3, identified on Misc. Plan 12063/31
Lands to be Excluded:	Lot 4 identified on Misc. Plan 12063/31
Closing Date:	To be negotiated, but no sooner than one year from the date of approval
Other Terms:	<p>The Purchaser must attempt, in good faith, to negotiate favourable long terms leases (10+ years) with the existing tenants, or provide an alternative sale/management option which will retain the tenants</p> <p>The Purchaser must submit a subdivision application to create the Subject Property, including the creation of a public lane, and successfully register the subdivision</p> <p>An easement in favour of the City will be required for a sewer catch basin lead situated within the western boundary of the Subject Property.</p>

Schedule B – Misc. Plan No. 12063/31



## Schedule C – North St. Boniface Secondary Plan Excerpt

**5 Historical Buildings and Places****5.1 Objectives**

1. To encourage the recognition of the historical significance of buildings and sites that form part of the cultural fabric of St. Boniface.
2. To encourage the preservation and creative re-use of historically designated buildings and sites as identified through The Historical Resources By-law.
3. To capitalize on the economic, social, and cultural tourism opportunities of historically significant buildings and sites within the Planning Area.
4. To recognize the neighbourhood's heritage resources are inseparably tied to its culture, identity and cultural perspective.
5. To celebrate the historically significant buildings and places as important elements of our collective consciousness that help to define a unique sense of place for our community.
6. To encourage the preservation of the character old St. Boniface City Hall Campus, and its access to the public, in recognition of its on-going historical and cultural importance.
7. To support the protection of existing buildings on the City of Winnipeg's List of Historical Resources.

**5.2 Policies**

1. Conservation of historic buildings on the old St. Boniface City Hall Campus will be encouraged.
2. The adaptive re-use of existing buildings on the City of Winnipeg's Commemorative List and List of Historic Resources will be encouraged.
3. Development which supports economic, environmental and social initiatives, including cultural tourism efforts, of community organizations will be encouraged.
4. Development related to cultural tourism opportunities within City-owned heritage assets, including historical sites and museums, will be encouraged.