

Deputy City Manager's Office Report to
SPC on Utilities and Corporate Services
2021 June 23

ISC: UNRESTRICTED
UCS2021-0999
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Proposed Method of Disposition – (East Shepard Industrial) – Ward 12 (Point Trotter Industrial Park Phase 2)

EXECUTIVE SUMMARY

Authorization for public marketing of the Property, to be administered by Real Estate & Development Services, and authorization to negotiate sales of the Property to the successful applicants.

Point Trotter Industrial Park is located along 68 Street SE south of Glenmore Trail SE immediately adjacent to Stoney Trail. The Property represents Phase 2 of Point Trotter. The subdivision has been approved and is awaiting final endorsement. Once subdivided, the Property will have a total of 31 lots ranging in size from 0.83 acres to 30 acres to accommodate a variety of uses and users. Consolidation options are available for larger users.

There has been positive momentum in the Calgary Industrial market in 2021 with strong sales and leasing activity. Approval of the proposed Method of Disposition will allow Real Estate & Development Services to quickly react to market demand

ADMINISTRATION RECOMMENDATION:

Attachments 4, 5, and 6 shall remain confidential.

The Standing Policy Committee on Utilities and Corporate Services recommends that Council:

1. Authorize the Recommendation as outlined in Attachment 2;
2. Direct that the Recommendations, Report and Attachments 1, 2 and 3 remain confidential pursuant to Sections 23 (Local public body confidences), 24 (Advice from officials) and 25 (Disclosure harmful to economic and other interests of a public body) of the Freedom of Information and Protection of Privacy Act until the report is published in the Council agenda.
3. Direct that Attachments 4, 5 and 6 remain confidential pursuant Sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act*.

RECOMMENDATION OF THE STANDING POLICY COMMITTEE ON UTILITIES AND CORPORATE SERVICES, 2021 JUNE 23:

That Council:

1. Authorize the Recommendation as outlined in Attachment 2; and
2. Direct that Attachments 4, 5 and 6 remain confidential pursuant Sections 23 (Local public body confidences), 24 (Advice from officials) and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*.

PREVIOUS COUNCIL DIRECTION/POLICY

On 2014 November 03, Council approved LAS2014-53 – Proposed Method of Disposition – Point Trotter Industrial Park Phases 1 and 2.

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BACKGROUND

Point Trotter Industrial Park is a master-planned City of Calgary ("The City") industrial park ideally situated in south east Calgary with quick access to Stoney Trail, a direct line to Calgary International Airport and within minutes of Deerfoot Trail.

Lots in Phase 1 were first marketed in 2015. Phase 1, including the lots formerly owned and marketed by Walton International Group Inc. ("Walton"), represents a total of 120.07 net saleable acres comprising 46 lots of I-G, industrial general sites and two (2) lots designated I-C, industrial commercial. Thirty-eight lots representing 108.31 acres have been sold or are under contract with the majority of sold lots fully developed. Only eight (8) small lots remain available for sale.

LAS2014-53 was a Method of Disposition for both Phase 1 and Phase 2 of Point Trotter Industrial Park. At the time the east portion of Phase 2 was owned by Walton, who was the joint developer and project manager of Point Trotter Industrial Park. That portion of Phase 2 was therefore not included in the Method of Disposition under LAS2014-53. The City acquired all lots in both Phase 1 and Phase 2 that were owned by Walton at that time on 2017 October 11 through an opportunity purchase related to a Court supervised process under the *Companies' Creditors Arrangement Act*.

Administration has amended LAS2014-53 by way of rectification under its delegated authority in The City's Real Estate Bylaw 52M2009 to delete the Phase 2 properties. This will allow the proposed Method of Disposition under this report to include all Phase 2 lands, including the former Walton lands, so that the public marketing of Phase 2 is streamlined under one Council approval. No Phase 2 lands have been publicly marketed under LAS2014-53, nor was a restrictive covenant for the Phase 2 properties prepared or registered (Recommendations (2) and (3)).

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Subdivision is expected to be endorsed and registered in the next few months. Phase 2 has been graded, has underground servicing complete and asphalt road paving, sidewalks and street lighting is in progress.

Phase 2 of Point Trotter represents a total of 127 acres (51 hectares) of I-G, industrial general zoned land and will comprise various lot sizes to accommodate users from small businesses to large scale distribution, as well as flexibility for consolidation of lots to accommodate customized lot opportunities.

The road network within Point Trotter has been designed to accommodate future transit service to the area. Registered architectural design guidelines will aid in seeing that better quality building and site design elements are achieved. Building commitments will be imposed to support timely development.

One of the lots forming part of the Phase 2 subdivision (10455 74 Street SE) was initially part of Phase 1 and was originally owned Walton. Walton had their own form of architectural guidelines registered by restrictive covenant, which are quite different from the architectural guidelines registered by The City. 10455 74 Street SE now forms part of a larger 8.05 acre site (Block 4 as shown on Attachment 1a), so the Walton architectural guidelines only apply to a portion of Block

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4. The only way to discharge the restrictive covenant is by court order or with the consent of all other owners of lots in Phase 1 that were purchased from Walton. Rather than the arduous and time consuming task of discharging the Walton architectural guidelines, or have two conflicting architectural guidelines on one lot, Administration is proposing the best way to have cohesive architectural guidelines on Block 4 is to register architectural guidelines on the remaining portion of Block 4 that mirror the Walton architectural guidelines. A separate Recommendation (3) has been included for the restrictive covenant for Block 4 only.

Valuation

The reserve price of the Property was based on an internal valuation which has been endorsed by Administration's Valuation Review Committee. The comparable sales analyzed are included in Attachment 4.

Stakeholder Engagement, Research and Communication

Not applicable.

Strategic Alignment

The proposed Method of Disposition aligns to Citizen priorities guiding One Calgary 2019-2022 Service Plans and Budgets, specifically:

- A Prosperous City – Real Estate & Development Services Land Development program supports Calgary's economic development goals by providing a ready supply of appropriately sized, shovel-ready industrial lots to attract new businesses and local business expansion.
- A Well-Run City – The proposed Method of Disposition directs Administration to market and sell Point Trotter industrial lots to return value to The City from its land assets, expands the non-residential assessment base, and support the financial sustainability of the land development program.

Administration will consider the Industrial Stakeholder What We Heard Report (BAC2021-0590) and the responses and recommendations that will be implemented when marketing and selling lots in Point Trotter Industrial Park, specifically:

- Updating *The Industrial Land Strategy: 2013 – 2022* including re-evaluating optimum inventory levels and undertaking operational review of business practices
- Updating the broker's finder's fee structure
- Providing flexibility on market responsive pricing for City-owned lands
- Review of the architectural guideline process
- Continued/ongoing collaboration with industrial stakeholders to better understand identified issues

Social, Environmental, Economic (External)

Social

Developing fully serviced lots for future industrial growth creates the opportunity for a sustainable industrial community. Creating employment opportunities within close proximity to residential communities contributes to a live-work balance within southeast Calgary. The vicinity

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of Point Trotter Industrial Park to Dufferin North Industrial Park provides the opportunity for small local businesses to service the large lot users in close proximity.

The growth in businesses in the industrial area supports local services and amenities and increases the employment base. The proposed Method of Disposition and the resulting sales and development of the Property will enhance the employment base in the surrounding community and within Calgary. The architectural guidelines will encourage higher building standards.

Environmental

The Property has been reviewed in accordance with The City of Calgary's Sales, Acquisitions and Leases Environmental (S.A.L.E.) Policy effective 2020 January 14. Pursuant to the Sales, Acquisitions and Leases Environmental (S.A.L.E.) Procedure, a Phase 1 Environmental Site Assessment was last updated in 2008. No soil or groundwater contamination concerns were identified as part of the Environmental Assessment and no further Environmental Assessments were recommended.

Economic

Marketing of the Property will attract businesses that are looking to expand their operations within Calgary. Approved sales and subsequent developments will result in the creation of jobs, in addition to an increase of the non-residential tax base. These implications of the proposed Method of Disposition support enhanced economic development within Calgary.

Financial Capacity

Current and Future Operating Budget:

Not applicable.

Current and Future Capital Budget:

The proposed sale will be recorded in Real Estate & Development Services Operating Program 488 and net proceeds from the sale will be transferred to the Real Estate Services Reserve and reallocated to other funds as required.

Risk Assessment

If the proposed Method of Disposition is not approved, The City would not be able to respond in a timely manner to a request for serviced industrial land that could not be accommodated in other City-owned industrial land. There are no known risks with approving the proposed Method of Disposition.

REASON(S) FOR RECOMMENDATION(S):

It is important for The City to have a supply of shovel ready industrial land available for sale to attract new businesses and local business expansion. The proposed Method of Disposition provides direction to Administration to market and sell Point Trotter Phase 2 industrial lots within parameters that support financial sustainability of the development program and deliver value on this City-owned land asset.

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ATTACHMENTS

- 1a. Site Map – By Subdivision
- 1b. Site Map – By Title
- 1c. Site Map – Recommendation (2)
- 1d. Site Map – Recommendation (3)
- 1e. Context Map
2. Recommendations
3. Summary of Additional Property Information
4. Comparable Data Chart Land Sales (Confidential)
5. Proposed Marketing Plan and Reserve Price (Confidential)
6. Point Trotter Industrial Park Cost of Sale (Confidential)