

**PROPOSED SETTLEMENT – (GREAT PLAINS) – WARD 09 (CLLR. GIAN-CARLO CARRA)
FILE NO: 8012 56 ST SE (JP)**

SUMMARY/ISSUE

Sale of Industrial Land as part of a proposed settlement.

PREVIOUS COUNCIL DIRECTION/POLICY

At the 2010 July 19 Regular Meeting, Council approved LAS2010-62 – Proposed Method of Disposition for Various SE Industrial Properties authorizing Administration to publicly market the Property and to a sale to the successful applicants.

ADMINISTRATION RECOMMENDATIONS:

The Land and Asset Strategy Committee recommend Council:

1. Authorize the Recommendation as outlined in Attachment 2;
2. Request that Attachments 4 and 5 be removed from this report prior to being forwarded to Council and that Attachments 4 and 5 remain confidential pursuant to Sections 23(1)(b), 24(1)(a), 24(1)(c), 24(1)(g) and 25(1)(b) of the *Freedom of Information and Protection of Privacy Act* and that Council consider Attachments 4 and 5 in camera if requested by Council; and
3. Request the Recommendations, Report and Attachments 1, 2, 3 and 6 remain confidential under Sections 23(1)(b), 24(1)(a), 24(1)(c), 24(1)(g) and 25(1)(b) of the *Freedom of Information and Protection of Privacy Act* until the report is published in the Council agenda.

RECOMMENDATION OF THE LAND AND ASSET STRATEGY COMMITTEE, DATED 2016 APRIL 28:

That Council:

1. Approve Administration Recommendation 1 contained in Report LAS2016-51; and
2. Keep Attachments 4 and 5 confidential pursuant to Sections 23(1)(b), 24(1)(a), 24(1)(b), 24(1)(c), 24(1)(g) and 25(1)(b) of the *Freedom of Information and Protection of Privacy Act*.

INVESTIGATION

Great Plains I is the first phase of The City's Great Plains Industrial Park, which was a continuation of The City developed East Foothills Industrial area. In 1996 The City subdivided land for Phase I and serviced the lots to be sold to industrial users. Great Plains I is located east of 52nd Street SE and north of Glenmore Trail SE. The lots are designated Industrial General and sized for small to medium size light industrial users. Architectural guidelines, registered on title of the lots, will promote higher quality sustainable development.

The Property is a 1.33 acre site that faces 56 Street SE. Due to a storm water moratorium the Property was unavailable for sale until 2012 upon release of the moratorium.

Later, in 2012, as part of the preparation for sale of the Property, a Phase One Environmental Site Assessment was completed in 2012 November and recommended a Phase Two Environmental Site Assessment and further soil sampling of the Property. The Phase Two report indicated environmental contamination on the surface which possibly came from the adjacent property. The City initiated a Statement of Claim with the adjacent owner as a result of contamination and devaluation to the Property. A proposed settlement has been negotiated with the adjacent owner.

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The adjacent property was sold to K.E.G Investments Ltd. and a private individual in 1996. An office warehouse and a pipeline handling tower were constructed on the site shortly thereafter. Endurance Technologies Inc. ("Endurance") entered into a lease for the adjacent property in 1999 and began operating a metal coating and fabrication facility on the site. Endurance purchased the adjacent property in 2007 and started placing structures, trailers, materials and other items on the Property without The City's permission. The City only became aware of this encroachment in 2014.

IMPLICATIONS

General

Great Plains Industrial Park offers businesses the opportunity to purchase real estate and develop their own facilities. Businesses already located in the southeast quadrant have the opportunity to expand their operations without relocating out of the area.

Social

The growth in business development increases the employment base and supports local services and amenities. The architectural guidelines encourage sustainable development and higher building standards in an established industrial park. This aligns with Guiding Principle #2 of the "2013-22 Industrial Land Strategy", to achieve corporate objectives.

Environmental

The property has been reviewed in accordance with The City of Calgary's Sales, Acquisitions and Leases Environmental (S.A.L.E.) Policy. A Phase Two Environmental Site Assessment was conducted that confirmed surface contamination on the Property.

The contaminants identified were boron, aluminum, nickel, and chromium. These substances are used by Endurance in their operations on the adjacent property.

Economic (External)

Industrial sales in Calgary continue to be stable although at a slower pace in the last year. The sale of the Property increases the non residential tax base and supports Guiding Principle #1 and #5 of the "2013-22 Industrial Land Strategy" to supply serviced land that facilitates economic development for small to medium sized users.

BUSINESS PLAN/BUDGET IMPLICATIONS

The sale will be recorded in Operating Program 488 with 5% (\$49,210.00) directed to the Public Housing Reserve as per Real Estate and Development Services Action 3.8 of the Industrial Land Strategy. The net proceeds from the remainder will be transferred to the Real Estate Services reserve.

RISKS

The sale of the Property would mitigate the maintenance risk. If the sale does not proceed The City could be faced with a lengthy settlement with the adjacent owner and difficulty achieving fair market value with another purchaser because of the contamination.

VALUATION

The sale price of the Property was based on an internal valuation endorsed by Administration's Valuation Review Committee. The reserve price for the Property has been approved by Council in item LAS2010-62. The sale price achieved for the Property is in excess of the reserve price and reflective of current market value.

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ATTACHMENTS

1. Site Map
2. Recommendations
3. Summary of Additional Property
Information
4. **Confidential as per Committee**
5. **Confidential as per Committee**
6. Alberta Corporation/Non-Profit Search