



Item # 13.2

**Infrastructure Services Report to
Infrastructure and Planning Committee
2022 September 9**

**ISC: UNRESTRICTED
IP2022-1002
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Proposed Method of Disposition (Shawnessy) – Ward 13 (35 Shawville BV SE)

RECOMMENDATIONS:

Review Date: 2032 October 9, except for Attachment 5 which shall remain confidential.

That the Infrastructure and Planning Committee recommends that:

1. Council choose an option in the Recommendations as outlined in Attachment 3.
2. Council direct that the Recommendations, Report and Attachments 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 except for Attachment 5 which shall remain confidential.
3. Report IP2022-1002 be forwarded to the 2022 September 13 Combined Meeting of Council as an Item of Urgent Business.

RECOMMENDATION OF THE INFRASTRUCTURE AND PLANNING COMMITTEE, 2022 SEPTEMBER 9:

That Council:

1. Authorize the Recommendations and direct Administration to proceed with Option 3, as outlined in Attachment 3;
2. Direct that Attachment 5 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*.

HIGHLIGHTS

- This report is in response to EC2022-0262 Calgary Beth Tzedec Congregation Society – City Owned Land Acquisition – 35 Shawville BV SE, whereby Council directed Administration to prepare a Non-Profit Method of Disposition Report as approved through UCS2018-091 Proposed Framework – Transaction with Non-Profit Organizations below Market Value. Administration has prepared this report in accordance with the Framework and is seeking Council's direction and approval on the preferred option for disposition of the Property.
- **What does this mean to Calgarians?** City owned land is a valuable public asset that can be leveraged for the benefit of all Calgarians. This report discusses the potential sale of surplus City owned land located at 35 Shawville BV SE (the "Property") to the Calgary Beth Tzedec Congregation Society (the "Society"), which include options that it be sold at less than market value.
- **Why does this matter?** The market value of the Property is estimated to be \$1,470,000.00 as endorsed by The City's Valuation Review Committee. A sale of the Property at book value (\$476,965.52) or nominal value (\$10.00) would represent a significant donation of land to the Society. The purpose of this report is to provide Council with the information and analysis required to make an informed decision regarding the potential disposition of the Property.
- The Society has raised concerns about the Property regarding its maintenance as well as concerns of illegal encampments located on the Property. The Society has expressed an interest in acquiring the Property to be developed into a reflective public

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garden in partnership with The Parks Foundation, Calgary, with the potential future development of a small chapel.

- In accordance with the Transacting with Non-Profit Organizations below Market Value Framework, Administration has outlined four options for the disposition of the Property:
 1. Directly negotiate with the Society at market value;
 2. Directly negotiate with the Society at book value plus transaction fees and all associated transaction costs;
 3. Directly negotiate with the Society at nominal value plus transaction fees and all associated transaction costs; or
 4. Do not proceed with a transaction with the Society.

Administration recommends Council select an option outlined above. Administration shall proceed based on the option approved by Council.

- Strategic Alignment to Council's Citizen Priorities: A city of safe and inspiring neighbourhoods
- Previous Council Direction is included as Attachment 1.

DISCUSSION

On occasion, The City is contacted by non-profit organizations seeking to acquire City-owned land for various purposes. To provide consistency when transacting with non-profit organizations the four step Framework – Transacting with Non-Profit Organizations below Market Value (the "Framework") was developed. The Framework's four steps include: 1) a Notice of Motion, 2) a Non-Profit Method of Disposition Report, 3) a Council decision on the Method of Disposition, and 4) a transaction.

The Ward 13 Councillor's office was contacted by the Society who raised concerns about the Property not being regularly maintained or monitored, and claim that it has become a common place for vagrants to reside. The Society has expressed an interest in acquiring the Property to be developed into a reflective public garden in partnership with The Parks Foundation, Calgary. As the Society was looking to acquire the Property for less than market value by way of direct negotiation, a Notice of Motion was prepared by the Ward 13 Councillor as outlined by the first step of the Framework. This Notice of Motion (step 1 of 4 as per above) was adopted by Council on 2022 March 8.

This Non-Profit Method of Disposition report represents steps 2 and 3 of the Framework, and accordingly Administration has prepared this report to provide the following information and analysis for Council's deliberation.

BACKGROUND OF NON-PROFIT ORGANIZATION

The Society, a registered charity, is one of the largest Jewish synagogues in Alberta, committed to meeting the religious, educational, social and cultural needs of the Jewish community and the wider community. The Society operates community run programs and provides education for all ages and stages of life.

The Society's cemetery is located adjacent to the Property where they claim there have been numerous illegal encampments. The Society is concerned about trespass into the cemetery and vandalism. They have expressed interest in acquiring the Property with the intent to develop a public reflective garden in partnership with The Parks Foundation, Calgary, with the potential future development of a small chapel on the Property as well.

SITE ASSESSMENT

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The Property is an irregular shaped vacant lot located on the west side of Shawville BV SE north of Shalom Way SE in the community of Shawnessy. The Property measures 0.98 acres and currently serves as green space adjacent to the Beth Tzedec Memorial Park. The Property is considered to be a Stand Alone property, meaning it is considered to be developable on its own.

The Property is zoned with an older DC Bylaw 100Z92 that follows a C-2 - General Commercial Districts land use that allows for a wide variety of retail commercial and personal service uses, with a maximum gross floor area of 4,000 sq. ft. Through the Corporate Land Management Framework's circulation process the Property was declared surplus to municipal needs in 2021 September pending several conditions. Most notably The City of Calgary Parks has identified that they would be supportive of a disposition if as many of the existing trees on site can remain intact as possible, and if the Property can continue functioning generally as open space. Parks has expressed an interest in collaborating with the Society in the design of the proposed reflective garden.

OPTIONS

Administration is seeking Council's direction and approval on the preferred option for disposition of the Property.

- Option 1 – Directly negotiate with the Society at market value. Administration will proceed with a sale transaction with the Society where the negotiated consideration will be based on the estimated market value.
- Option 2 – Directly negotiate with the Society at book value plus transaction fees and all associated transaction costs. Administration will proceed with a sale transaction at book value, determined by an estimate of the price The City acquired the Property inclusive of the cost of any improvements to the Property. The book value and associated transaction costs are identified in The City Contribution Analysis in Attachment 6.
- Option 3 – Directly negotiate with the Society at nominal value plus transaction fees and all associated transaction costs. Administration will proceed with the sale transaction at nominal value where the Consideration will be \$10.00.
- Option 4 – Do not proceed with a transaction with the Society. Administration will not proceed with a sale transaction.

Valuation

The estimated market value for the Property was based on an internal valuation which has been endorsed by Administration's Valuation Review Committee. The comparables analyzed are included in Attachment 5. The estimated market value is based on the property's highest and best use as a commercial property, if sold on the open market.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed

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- Stakeholder or customer dialogue/relations were undertaken

IMPLICATIONS

Social

The proposed reflective garden will beautify the Property and will be available to the general public, contributing to the increased cultural understanding of the Jewish faith. Development of the proposed reflective garden will also allow for more eyes on open spaces increasing safety in the area, which aligns with the Social Wellbeing Policy pillar of prevention.

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, an Environmental Review was conducted. No soil or groundwater contamination concerns were identified as part of the Environmental Review and no further Environmental Assessments were recommended.

Economic

A sale of the Property through Option 2 or 3 would represent a land contribution to a registered charity consistent with the estimated value identified in The City Contribution Analysis in Attachment 6.

Service and Financial Implications

Existing operating funding – Base in Program #488

A sale of the Property will be recorded in Real Estate & Development Services Operating Program 488 and net proceeds from the sale will be transferred to the Revolving Fund reserve and reallocated to other projects as required.

If Option 2 or Option 3 is chosen, the sale of the Property at below market value will result in a reduction of financial contributions to the Revolving Fund reserve. By selling City-owned land at below market value, The City will forego the full market value potential of the Property, and as a result there will be reduced financial contributions to the Revolving Fund reserve compared to if the Property was sold at market value.

RISK

The Property represents ongoing maintenance costs to The City, if Option 4 is chosen then The City will continue to incur the costs associated with maintaining the Property. The likelihood of this risk occurring is high, but the impact is low.

If Option 2 or Option 3 is selected there is a financial risk to the sustainability of the Revolving Fund reserve from continued dispositions of real property below market value. If approved, the specific assessment of the impact of this risk to the reserve from this transaction is the foregone market value of the Property is \$1,470,000.00, which can be supported as the current reserve balance is healthy enough to sustain this individual below market value disposition. However, the reserve itself is constantly under pressure as there are numerous other transactions and corporate programs that require funding as well.

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ATTACHMENTS

1. Previous Council Direction
- 2a. Site Map
- 2b. Context Map
3. Recommendations
4. Summary of Additional Property Information
5. Comparable Data Chart Land Sales - Confidential
6. The City of Calgary Contribution Analysis
7. Alberta Corporation/Non-Profit Search
8. Notice of Motion EC2022-0262
9. UCS2018-0912 – Proposed Framework – Transacting with Non-Profit Organizations below Market Value
10. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Michael Thompson, General Manager	Infrastructure Services	Approve
Campbell Berry, Director	Real Estate & Development Services	Approve