

Proposed Non-Profit Method of Disposition (Meridian) – Ward 10 (2826 Memorial DR SE)

ADMINISTRATION RECOMMENDATIONS:

That the Infrastructure and Planning Committee recommends that Council:

1. Choose an option in the Recommendations as outlined in Attachment 3;
2. 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.

RECOMMENDATION OF THE INFRASTRUCTURE AND PLANNING COMMITTEE, 2022 MAY 12:

That Council:

1. Authorize option 3 as contained in the Attachment 3; and
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*, to be reviewed by, 2029 February 12.

HIGHLIGHTS

- This report is in response to PFC2021-1345 *The Calgary Islamic School – Portion of 2826 Memorial DR SE*, whereby Council directed Administration to prepare a Non-Profit Method of Disposition Report as approved through UCS2018-0912 Proposed Framework – Transacting 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 a portion of surplus City-owned land located at 2826 Memorial Drive SE (the "Property") to the Muslim Community Foundation of Calgary ("MCFC") who operates the Calgary Islamic School – Omar Bin Al-Khattab Campus ("Calgary Islamic School"), which include options that it be sold at less than market value in support of the school located on the adjacent privately owned property.
- **Why does this matter?** The market value of the Property is estimated to be \$38,500 as endorsed by The City's Valuation Review Committee. A sale of the Property at book value (\$2,821.45) or nominal value (\$10) would represent a donation of land to the MCFC. 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 MCFC has expressed an interest in acquiring the Property to be used for school purposes including playground expansion or the installation of portables. The Property will also require subdivision before a sale transaction can proceed.
- 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 MCFC at market value;

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2. Directly negotiate with the MCFC at book value plus transaction fees and all associated transaction costs;
 3. Directly negotiate with the MCFC at nominal value plus transaction fees and all associated transaction costs; or
 4. Do not proceed with a transaction with the MCFC.
- 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
 - Background and 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 9 Councillor's office was contacted by the MCFC who expressed interest in acquiring the Property, an approximately 0.11-acre parcel of land located adjacent to the Calgary Islamic School's Omar Bin Al-Khattab campus in the community of Meridian. Acquisition of the Property would allow the Calgary Islamic school to expand their campus for additional playground space or the installation of portables. As the MCFC 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 9 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 2021 September 13.

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 MCFC facilitates religious, educational and spiritual needs of the Muslim Community in Calgary and surrounding areas. Incorporated as a non-profit organization since 1990, it organizes activities to promote tolerance and understanding as well as appreciation of Islamic values within the broader Canadian mosaic. It contributes toward community children and youth programs. The MCFC is also responsible for the maintenance of buildings and transportation for the Calgary Islamic School and provide Islamic curriculum to students.

The MCFC has expressed an interest in acquiring the Property to be used to expand the Calgary Islamic School Omar Bin Al-Khattab Campus, allowing for additional space for playground for students to use as well as the installation of portables for additional learning space for students.

SITE ASSESSMENT

The Property is a rectangular shaped vacant parcel located behind the Calgary Islamic School between it and a Canadian Pacific Railway right of way, in the community of Meridian. It

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measures 0.11 acres and is zoned Special Purpose – Community Institution (S-CI). The Property is considered to be remnant property that is not developable on its own and has no other logical purchaser.

The Property was determined to be surplus to municipal needs through the Corporate Land Management Framework's circulation process in 2020 June. The Property shares the same address and legal description as the Franklin LRT Park and Ride located to the south. A subdivision application will be required to create title to the Property and will be at the sole cost and expense of the MCFC through the terms of a transaction.

OPTIONS

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

Option 1 – Directly negotiate with MCFC at market value. Administration will proceed with a sale transaction with MCFC where a negotiated consideration will be based on an estimated market value.

Option 2 – Directly negotiate with MCFC 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 improvement 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 MCFC 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.

Option 4 – Do not proceed with a transaction with MCFC. Administration will not proceed with a sale transaction.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder or customer dialogue/relations were undertaken

IMPLICATIONS

Social

A disposition of the Property will provide opportunity for expansion of the Calgary Islamic School to accommodate additional learning space and activity space for Muslim youth in Calgary.

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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 or Environmental Assessment is not required for the sale of remnant property.

Economic

A sale of the Property through Option 2 or 3 would represent a land contribution to the non-profit organization 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 \$38,500, 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.

ATTACHMENTS

1. Previous Council Direction
- 2a. Site Map
- 2b. Context Map
3. Recommendations
4. Summary of Additional Property Information
5. CONFIDENTIAL - Comparable Data Chart Land Sales
6. The City of Calgary Contribution Analysis

**Deputy City Manager's Office Report to
Infrastructure and Planning Committee
2022 May 12**

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- 7. Alberta Corporation/Non-Profit Search
- 8. Notice of Motion PFC2021-1345
- 9. UCS2018-0912 – Proposed Framework – Transacting with Non-Profit Organizations below Market Value
- 10. Presentation

Department Circulation

| General Manager | Department | Approve/Consult/Inform |
|-----------------------------------|--|------------------------|
| Chris Arthurs, General Manager | Deputy City Manager's Office | Approve |
| Michael Thompson, General Manager | Utilities and Environmental Protection | Inform |