

**PROPOSED METHOD OF DISPOSITION – (EAST SHEPARD INDUSTRIAL) – WARD 12
(CLLR. SHANE KEATING) FILE NO: 11080 50 ST SE, 11052 50 ST SE, 10906 50 ST SE(EM)**

SUMMARY/ISSUE

Authorization for public marketing of the Property, to be administered by Real Estate & Development Services, and authorization to negotiate a sale of the Property to the successful applicant(s).

PREVIOUS COUNCIL DIRECTION/POLICY

On 2001 March 19, Council approved LAS2001-46 Proposed Purchase - Shepard Industrial, for the acquisition and license of the Property and surrounding lands.

ADMINISTRATION RECOMMENDATIONS:

The Land and Asset Strategy Committee recommend Council authorize:

1. 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 and 3 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 OCTOBER 18:

That Council:

1. Approved Administration
Recommendation 1 contained in Report LAS2016-87; and
2. Keep Attachment 4 and 5 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*.

INVESTIGATION

In 2002, The City purchased 214 hectares (530 acres) from Western Co-Operative Fertilizers Ltd. to develop the Eastlake Industrial Centre (Eastlake). The industrial park is located in Calgary's East Shepard industrial area, north of 114 Avenue SE and east of Barlow Trail SE.

Eastlake was developed in three phases and now provides 176.589 hectares (436.36 acres) of fully serviced land designated industrial general (I-G), including a 9.3 hectare (23 acre) landscaped wetland storm retention pond. Registered architectural guidelines are in place to enhance the quality of development in the park.

Many local and international businesses call Eastlake home, including the Calgary Humane Society, Sanjel Corporation, Cascades Recovery Inc., EECOL Electric Corp., Supreme Windows and Wolseley Canada. There is a total of 20.246 hectares (50.03 acres) of unsold land remaining in Eastlake including the Property, which comprises 4.592 hectares (11.35 acres). The Property is bounded by 52 Street SE to the east and 110 Avenue SE to the south. It is in close proximity to the Canadian Pacific Railway intermodal facility.

The Property contained a stockpile of loam topsoil since the development of Eastlake began in 2002. The soils came from the

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surrounding lands of Eastlake that were previously stripped and graded during the phased development of the industrial park. The stockpile was gradually screened and removed by the former Licensee of the Property, Western Co-Operative Fertilizers Ltd. The loam screening operation is now complete and the Property was vacated by the Licensee. The caveat that had been registered on title protecting the Licensee's interest in the Property has been discharged.

The City then submitted an application to subdivide the Property. The subdivision has since been registered and three lots comprising 1.775 hectares (4.39 acres), 1.513 hectares (3.74 acres) and 1.304 hectares (3.22 acres) are now available for disposition by public marketing.

IMPLICATIONS

General

According to CBRE's Canada Industrial Q2 2016 Market Report, despite the weakened economy, demand for industrial facilities still remains competitive in a major distribution hub like Calgary. Eastlake is an ideal location for distribution, manufacturing and service industries. Marketing of the Property will lead to sales and future development, thus stimulating the local economy.

Social

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 sustainable development and higher building standards. These social implications align with Guiding Principle 2 of The City's 2013-22 Industrial Land Strategy; achieve corporate objectives.

Environmental

The Property has been reviewed in accordance with The City's Sales, Acquisitions and Leases Environmental (S.A.L.E.) Policy. A Phase I Environmental Site Assessment (ESA) was conducted and it was determined that due to the historical stock-piling of soils on the Property, an assessment of the surface soil is recommended prior to redevelopment. The Property will be marketed and sold as-is and the Phase I ESA will be made available to applicants.

Economic (External)

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. This aligns with Guiding Principle 1 of The City's 2013-22 Industrial Land Strategy; support local economic development.

BUSINESS PLAN/BUDGET IMPLICATIONS

Sales of the Property will be recorded in Real Estate & Development Services Operating Program 488 with 5% directed to the Public Housing Reserve as per action 3.8 of The City's 2013-22 Industrial Land Strategy. The net proceeds from the remainder will be transferred to the Real Estate Services reserve.

RISKS

Marketing materials for the Property will specify certain development guidelines and terms and conditions of a sale including:

- 1) Architectural Guidelines; and
- 2) A building commitment secured by an option to repurchase.

There is a risk that applicants may view the guidelines and building commitment as too

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restrictive and choose not to submit an application. This risk can be mitigated by promoting the value of higher quality, sustainable development in Eastlake.

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.

ATTACHMENTS

1. Site Map
2. Recommendations
3. Summary of Additional Property Information
4. Comparable Data Chart Land Sales
5. Proposed Marketing Plan