

Proposed Method of Disposition – (East Shepard Industrial) – Ward 12 (Cllr. Keating) File No. 10460 74 ST SE

EXECUTIVE SUMMARY

The purpose of this report is to request 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).

The Property is located in the community of East Shepard Industrial in The City of Calgary's (The City) Point Trotter Industrial Park. These nine lots were recently acquired from the previous owner on 2017 October 11 through an opportunity purchase related to a Court supervised process under the *Companies' Creditors Arrangement Act*. The previous owner was also the joint developer and project manager of Point Trotter Industrial Park.

The Property has been added to The City's inventory of lots in Point Trotter Industrial Park and will be sold subject to the same terms and conditions as The City's other available properties.

ADMINISTRATION RECOMMENDATION:

The SPC on Utilities and Corporate Services recommend that Council:

1. Authorize the Recommendation as outlined in Attachment 2;
2. 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.
3. Request that Attachments 4 and 5 remain confidential pursuant 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.

RECOMMENDATION OF THE SPC ON UTILITIES AND CORPORATE SERVICES, DATED 2018 JANUARY 19:

That Council:

1. Adopt the Administration Recommendation as outlined in Attachment 2 to Report UCS2018-0053.
2. Direct that Attachments 4 and 5 remain confidential pursuant to Sections 23 and 24 of the *Freedom of Information and Protection of Privacy Act*.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2017 June 26 Council approved VR2017-0025, Legal Briefing (Verbal Report) authorizing Administration to acquire the Property.

BACKGROUND

The Property comprises part of Phase 1 of Point Trotter Industrial Park and consists of nine (9) lots ranging in size from 1.74 to 2.72 acres for a total net saleable area of 17.70 acres. The Property is located east of 68 Street SE south of Glenmore Trail SE and east of Dufferin North

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Intermodal Park. All lots have a land use designation of I-G (Industrial – General). Initially The City and the previous landowner had entered into a project management agreement and cost sharing agreement which allowed the previous owner to take the role as project manager for Point Trotter Industrial Park. These agreements have now been terminated and The City has assumed the role of project manager for Point Trotter Industrial Park.

The Property was acquired from the previous owner on 2017 October 11 through an opportunity purchase related to a Court supervised process under the *Companies' Creditors Arrangement Act*.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Property is vacant, serviced and shovel ready for development. Administration is seeking approval to proceed with public marketing of the Property for sale. All sales will be subject to a 24 month building commitment with one 6 month extension that could be granted for a fee of \$10,000.00 an acre. The building commitment is secured by an option to repurchase in the event of non-compliance. Architectural design guidelines are in place that will create a cohesive look to the industrial park. These architectural design guidelines are different from those that apply to the original City lots but any proposed building on these lots shall be reviewed and approved through Administration's Design Review Committee which reviews and approves any proposed building on any City lots. Although the 26 City owned lots in Phase 1 offer a cash incentive program of up to \$100,000 in the event purchasers choose to obtain LEED® certification for their development, there is no current Council approval to offer this program to the Property.

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 sale of the Property aligns with Guiding Principles #1, #2 and #5 of the Council approved 2013-22 Industrial Land Strategy: to supply serviced land that facilitates economic development for small to medium sized users, to support local economic development, achieve corporate objectives and attract the right business.

Social, Environmental, Economic (External)

Social

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

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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.

Positive momentum continues for Calgary's industrial market and strong leasing activity has reduced vacancy in the southeast. The City's mandate is to ensure a supply of serviced land to facilitate economic growth, Point Trotter will address market demand while also providing an economic benefit to Calgary.

Environmental

The Property has been reviewed in accordance with The City of Calgary's Sales, Acquisitions and Leases Environmental (S.A.L.E.) Policy. Numerous Phase 1 Environmental Site Assessments were commissioned between 2007 and 2011. No concerns were identified.

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

Financial Capacity

Current and Future Operating Budget:

None

Current and Future Capital Budget:

The proposed sale 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 Industrial Land Strategy. The net proceeds from the remainder will be transferred to the Real Estate Reserve.

Risk Assessment

There is a risk that applicants may view the guidelines and building commitment as too restrictive and choose not to submit an application. This risk can be mitigated by promoting timely economic development and working to secure the right purchaser. This risk is deemed to be low.

REASON(S) FOR RECOMMENDATION(S):

The Property was acquired on an opportunity basis and is ready to be marketed for sale to the public with the rest of the available lots in Point Trotter Industrial Park. The Property includes

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some smaller lots that will provide a variety of options for end users looking to own and expand their business operations.

ATTACHMENT(S)

1. Attachment 1 – Site Map
2. Attachment 2 – Recommendations
3. Summary of Additional Property Information
4. Comparable Data Chart Land Sales
5. Proposed Marketing Plan & Estimate Cost of Sale