

Acquisition of Canadian Pacific Railway Land – City of Saskatoon Yards

ISSUE

The Canadian Pacific Railway Company (CP) owns a 20-foot wide rail spur along the eastern boundary of the City of Saskatoon's City Yards (City Yards). This rail spur is located between two parcels of City-owned land and creates a number of operational access issues to other City-owned lands.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council:

1. That the Administration be authorized to purchase a portion of Parcel A, Plan No. 102101746, Extension 24 (ISC Surface Parcel No. 131718056) comprised of approximately 1.26 acres from Canadian Pacific Railway Company at a purchase price of \$60,365; and
2. That the City Solicitor be requested to prepare the appropriate agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

BACKGROUND

The spur line east of City Yards in the King Street area is 20 feet wide and has not been used by CP for some time.

In August 2015, City Council approved the purchase of the adjacent abandoned Canadian National Railway Company (CN) rail spur to the east of this CP spur line. The Administration has been in negotiations with CP to purchase this 1.26-acre parcel for over a year.

DISCUSSION/ANALYSIS

The CP spur line (Appendix 1) is situated north of Queen Street between City Yards to the west and the City's recently acquired lands to the east, that being the former CN spur line. Acquiring this narrow strip of land that separates the City-owned parcels is strategically significant as it provides a number of access options to City Yards, while enhancing the circulation and overall functionality of the northern section of City Yards.

It is expected that this particular portion of the North Downtown may be used by operational departments for a number of years. The Derrick Carroll Building and 88 King Street property (former Saskatchewan Transportation Company) have significant utility and remaining economic life. Currently, it is anticipated that there is limited market demand for redevelopment around the spur line in the short term.

Furthermore, acquisition of the spur line is supported by policy in the City's Official Community Plan, encouraging assembly of land for downtown housing and potential transportation corridors that link the downtown with other areas of the city. The acquisition will also support future redevelopment in the area.

Terms of the Agreement

The Administration has negotiated a conditional purchase agreement for the property. Noteworthy terms of the agreement are as follows:

- Conditional upon City Council approval by June 1, 2020;
- Purchase price of \$60,365 payable on the closing date;
- City to incur cost of rail tie and track removal from the land;
- Additional payment of \$18,600 to CP for the salvage value of the rail;
- City is responsible for the subdivision of the land;
- City accepts the land “as is”; and
- Closing/possession date of December 1, 2020.

FINANCIAL IMPLICATIONS

The negotiated purchase price of \$60,365 represents a land value of \$47,909 per acre, which was based on an appraisal of the land.

Sufficient funds for the land purchase exist in the Property Realized Reserve, while the cost of the rail tie and track removal, estimated at \$65,000, will be funded by Capital Project 2647 – City Yards Rehabilitation Budget.

When there is sufficient market demand to substantiate redevelopment of the lands, and/or service level operational requirements necessitate the exit and relocation of the current downtown City Yards function, funds will be required to be included as part of the exit plan. Additional funds to accommodate remediation of any environmental contamination that will have resulted through use of the site as a railway spur and City Yard operation will also be required.

ENVIRONMENTAL IMPLICATIONS

With the subject land having been used as a rail spur for railway operation purposes, it is anticipated that the potential for environmental impacts will exist. The intended use of the rail spur in the short term is to be incorporated into the ongoing operations of City Yards, which is an industrial use land that will require environmental investigations and potential remediation prior to any future redevelopment of the lands. The immediate need for operational efficiencies over the next several years outweigh the potential environmental concerns at this time.

OTHER IMPLICATIONS

There are no privacy, legal, or social implications identified.

NEXT STEPS

If approved, this acquisition would close December 1, 2020, and the required documentation to finalize the sale would be completed by the City Solicitor’s Office.

The existing rail tracks on this parcel would be removed and City Yards operations would start utilizing this area.

APPENDICES

1. CP Land for Purchase East of City Yards

REPORT APPROVAL

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Approved by: Kerry Tarasoff, Chief Financial Officer

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