

Request to Sell City-Owned Property – 2321 11th Street West

ISSUE

The City of Saskatoon (City) owns 2321 11th Street West in the South West Industrial area and is preparing to sell the property. Standing Policy Committee on Finance approval is required for the sale of City-owned property.

RECOMMENDATION

1. That the Administration be authorized to sell 2321 11th Street West (Lot 2, Block 183, Plan 80S31337, ISC Parcel No. 119977082) in the South West Industrial area to the highest bidder through a public tender process with reserve bid price, as outlined in the report to the Chief Financial Officer dated August 17, 2020;
2. That if the parcel does not sell through the tender process, it be placed for sale over-the-counter on a first-come, first-served basis for a period of six months;
3. That the Administration be authorized to entertain acceptable market price offers on the parcel if it remains unsold after the six-month period following the public tender closing date through the open market (standard terms) sales approach; and
4. 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 last phase in the South West Industrial area, consisting of 13 parcels, was released to the market in winter of 2018. The parcel located at 2321 11th Street West was under a short-term lease at the time and was not available for sale. With the lease term now ended, the Administration is preparing the site for sale, as there have been a number of inquiries regarding its availability for purchase.

DISCUSSION/ANALYSIS

Zoning/Price

Located at 2321 11th Street West, the parcel (Appendix 1) is zoned IL1 District (Light Industrial), which has a high degree of flexibility in terms of permissible land uses and development provisions. In addition to a number of permitted industrial land uses, the IL1 District permits retail uses below 5,000 square metres in gross floor area.

The proposed sale price for the 3.104-acre parcel is \$580,000/acre, for a total reserve bid price of \$1,800,300. This price is consistent with the last 11th Street parcel released by the Administration, and reflects the site's high visibility and access to 11th Street.

Sales Method

The Administration is recommending a public tender process for the initial release of the parcel. If approved, the parcel will be awarded to the highest bidder above reserve bid. If the parcel does not sell through the public tender process, it will be made available for

purchase over-the-counter on a first-come, first-served basis for a six-month period. Upon completion of the public tender and subsequent six-month over-the-counter period, the Administration will have the option to offer the parcel through the open market sales approach (Appendix 2). Interested parties will have a designated time period to submit non-binding offers on the parcel, using the reserve bid price to establish listing price for the parcel offered through the open market (standard terms) sales method.

Offers received will be reviewed by the Administration to determine compliance with standard terms and to identify which proponent will be contacted for negotiation of a sale agreement for the respective parcel. It is generally accepted that the highest offer received determines the preferred proponent, assuming the standard terms and conditions are met. If no offers are received, the parcel will remain available over-the-counter until an acceptable offer is received. Any accepted offer will be conditional upon approval of the Chief Financial Officer.

Utilizing the open market (standard terms) sales approach provides the Administration with additional flexibility to accommodate prospective sales while helping to mitigate risk associated with carrying a larger-than-desired industrial land inventory.

FINANCIAL IMPLICATIONS

Proceeds from the sale of this parcel will be deposited into the Property Realized Reserve.

OTHER IMPLICATIONS

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

NEXT STEPS

If approved, and the parcel is sold through the open market process, a future report detailing the sale price will be presented to the Standing Policy Committee on Finance.

APPENDICES

1. 2321 11th Street West Proposed Pricing and Lot Sales Map
2. Open Market Sales Approach – Standard Terms and Conditions

REPORT APPROVAL

Written by: Jeremy Meinema, Finance and Sales Manager
Reviewed by: Frank Long, Director of Saskatoon Land
Approved by: Kerry Tarasoff, Chief Financial Officer

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