

## **Acquisition of Future Redevelopment Site – 123 Auditorium Avenue**

### **ISSUE**

A strategically located redevelopment property situated adjacent to land owned by the City of Saskatoon (City) south of TCU Place and the YMCA has become available for purchase. The City currently owns three future redevelopment parcels situated along Idylwyld Drive between 22<sup>nd</sup> Street and the south entrance of Auditorium Avenue, as well as 105 Auditorium Avenue which is north of 123 Auditorium Avenue. These strategically located parcels provide opportunity to significantly influence and support the City's planning, transportation, and design initiative for Idylwyld Drive, called "Imagine Idylwyld." In addition, due to the close proximity to TCU Place and the YMCA, the sites also offer future development opportunities that will support and enhance the sustainability of the City's convention and cultural/entertainment event operations.

### **RECOMMENDATION**

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

1. That the Administration be authorized to purchase 123 Auditorium Avenue (Lot 45, Block 6, Plan 00SA15145, Extension 0, ISC Surface Parcel No. 120285873) from Auditorium Holdings Inc. at a purchase price of \$1,290,000;
2. That the Property Realized Reserve be used as the interim source of funding until such time as redevelopment of the site is ready to proceed at which time the Property Realized Reserve will be repaid by the project; and
3. 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**

As Appendix 1 shows, the City currently owns the properties at 110 Idylwyld Drive, 120/126 Idylwyld Drive, the lane running east of these parcels, and 105 Auditorium Avenue. Details of these properties are as follows:

- 110 Idylwyld Drive was purchased in several phases between the 1950s and 1970s and is currently used as a public parking lot operated by the City's Parking Services section.
- 120/126 Idylwyld Drive was purchased in 2013 given its strategic location to TCU Place and the YMCA. The site provides convenient parking options for TCU Place and ensures that ongoing parking requirements for the City-owned facility are maintained.
- 120/126 Idylwyld Drive and the lane are currently used for off-street parking; the lots are operated by a third-party parking management company.

- 105 Auditorium Avenue holds several electrical facilities and provides parking for TCU Place operations.

### **DISCUSSION/ANALYSIS**

The 123 Auditorium Avenue property is comprised of 0.267 acres (11,650 square feet) with a one-storey building of approximately 6,400 square feet.

In conjunction with the other City-owned sites in the immediate area, further land assembly and ownership of 123 Auditorium Avenue would provide the City with the opportunity to promote, and have significant influence in, the rejuvenation of this area, while at the same time enhancing the sustainability of the City's convention and cultural/entertainment event operations. The Idylwyld Drive and 22<sup>nd</sup> Street area is a major entrance point to the downtown and of considerable importance to the overall strength of the city centre.

### Terms of the Agreement

The Administration has negotiated a purchase agreement with Auditorium Holdings Inc. to acquire its 123 Auditorium Avenue property. Noteworthy details of the agreement are as follows:

- Purchase Price:
  - \$1,290,000 total with a \$1 deposit paid within 20 days of acceptance of the offer
  - \$1,289,999 paid upon closing
- Conditions Precedent:
  - City Council approval by February 23, 2021
  - Due diligence investigation period until December 23, 2020
- Other Terms and Conditions of the Agreement:
  - Possession shall coincide with Closing Date of March 5, 2021
  - Adjustments of all taxes against the land shall be as of the Closing Date

### **FINANCIAL IMPLICATIONS**

Sufficient funds for this purchase exist in the Property Realized Reserve, which would be used as an interim source of funding until such time as redevelopment of the site is ready to proceed whereupon the Reserve is to be repaid by the project. This approach is consistent with Council Policy No. C09-019 – Properties (City-Owned) Required for Major Projects.

### **ENVIRONMENTAL IMPLICATIONS**

Phase I and Phase II Environmental Site Assessments were completed on the site, which revealed the presence of a minor amount of hydrocarbon-impacted soil associated with the former rail line activities in the area. All but a small amount of the impacted soils would be accepted at the City Landfill, while the balance would be disposed of at a provincially approved facility. A cost estimate provided by the third-party environmental consultant to dispose of the impacted soils not accepted at the

Landfill to be \$30,000. As the impacted soils do not pose risk to the current use of the property, the impacted soils would be dealt with at the time of site redevelopment.

If the land acquisition is approved, the Administration and Auditorium Holdings Inc. have agreed to split the estimated costs of \$30,000 for removal of the impacted soil costs, which is reflected in the purchase price.

As part of the due diligence investigations, a hazardous building material assessment was completed. The investigation revealed that asbestos, lead and mold were not identified as a concern in the building and building materials.

### **OTHER IMPLICATIONS**

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

### **NEXT STEPS**

If approved, the Administration will issue and award a Request for Proposals to obtain the services of a local commercial real estate company to find a tenant to lease the property until the property is required for redevelopment. Upon a qualified tenant being found, the Administration will report back to request approval to enter into a lease agreement for the property.

### **APPENDICES**

1. Property for Acquisition — 123 Auditorium Avenue

### **REPORT APPROVAL**

Written by: Keith Pfeil, Real Estate Services  
Reviewed by: Frank Long, Director of Saskatoon Land  
Wesley Wizniuk, Soils Engineer, Utilities & Environment  
Kerry Tarasoff, Chief Financial Officer  
Approved by: Jeff Jorgenson, City Manager