

Request to Sell City-Owned Property – Marquis Phase 11 Industrial Area

ISSUE

Declining Heavy Industrial inventory has increased the need for the availability of more industrial parcels to ensure an adequate supply of serviced Heavy Industrial sites. There are 20 parcels in the Marquis Industrial area which are zoned IH2 – Limited Intensity Heavy Industrial District (IH2 District) that have yet to be released for sale.

RECOMMENDATION

1. That Administration be authorized to sell Lots 2-4, Block 281; Lots 2-5, Block 282; Lots 1-8, Block 283; and Lots 1-5, Block 284, as shown on the Plan of Proposed Subdivision (see Appendix 1), through the open market (standard terms) sales approach with prices as listed in the report of the Chief Financial Officer dated February 14, 2022; and
2. That the City Solicitor be requested to prepare the appropriate agreements and that His Worship the Mayor and the City Clerk be authorized to execute the agreements under the Corporate Seal.

BACKGROUND

Twenty parcels of land within Phase 11 of the Marquis Industrial area are serviced and ready to be released. Four parcels of Heavy Industrial land were released to market in February 2021, and there are few remaining heavy industrial parcels in current inventory. The proposed 20 parcel lots being released include a variety of sizes ranging from 1.23 acres to 10.01 acres (see Appendix 2).

DISCUSSION/ANALYSIS

Industrial Sales Activity

Interest in Industrial land throughout 2021 has been high with land sales/leases and lands under agreement totaling 92 acres. Industrial vacancy rates in Saskatoon have also declined to 4% over the same period. Available Industrial land inventory from Saskatoon Land has similarly declined from 119 acres on January 1, 2020 to 17.0 acres currently.

Zoning and Pricing

These parcels have been zoned IH2 District which accommodates several permitted uses, with the exception of land uses and activities associated with public assembly, as they fall within the chemical buffer zone in Marquis Industrial area. The chemical buffer zone has been established due to the location of ERCO Worldwide and Akzo Nobel Chemicals Inc. as these plants store hazards chemicals on-site. Additional information related to the chemical buffer zone is provided (see Appendix 3). Potential purchasers will be notified of the shelter-in-place requirements within sales information packages. The sale agreements for the parcels will also contain clauses acknowledging the

purchaser is aware of necessary information regarding emergency plans or shelter-in-place requirements.

The average price per acre is approximately \$516,000, and the total sales revenue for all parcels is estimated to be \$22.9 million. These prices have been determined through an examination of current industrial parcel prices on the Saskatoon market, site locational factors and the developable site area for each parcel.

Lot, 1 Block 281 and Lot 1, Block 282 are being withheld from the release to accommodate business attraction and relocation opportunities which may occur over the next few years. Should a buyer for these lands be identified, a report authorizing the sale would be presented to the Standing Policy Committee on Finance.

Sales Method

Administration is recommending an open market (standard terms) sales approach be used for the initial release of the parcels (see Appendix 4). If approved, the parcels will be offered publicly at the approved list price. Interested parties will have a designated period to submit non-binding offers on the parcels offered through the open market (standard terms) sales approach.

Offers received will be reviewed by Administration to determine compliance with open market (standard terms) and to identify which proponent will be contacted for negotiation of a sale agreement for the respective parcels. 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 parcels will remain available over the counter until an acceptable offer is received. Any accepted offer below list price will be conditional upon approval of the Chief Financial Officer.

Utilizing the open market (standard terms) sales approach provides purchasers the flexibility to make offers on multiple parcels with assurance that Administration can entertain their submission based on the criteria set out in the standard terms. Administration is suggesting this process due to the number of inquiries received for the purchase of multiple parcels in this area. The sale of these parcels using this approach is consistent with Council Policy No. C09-033, Sale of Serviced City-Owned Lands.

FINANCIAL IMPLICATIONS

Proceeds from the sale of these parcels will be deposited into the Property Realized Reserve.

OTHER IMPLICATIONS

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

NEXT STEPS

Public release of these lands will not take place until the subdivision approval is received from the City of Saskatoon and the proposed plan is registered with Information Services Corporation (ISC).

Request to Sell City-Owned Property – Marquis Phase 11 Industrial Area

If approved, a sales package with a public tender date will be sent to participating industrial and commercial builders who have requested to be on Saskatoon Land's notice list. Notice of the public tender will also be advertised in the Saskatoon StarPhoenix a minimum of two Saturdays prior to the offer period and will also be posted on Saskatoon Land's website.

APPENDICES

1. Marquis Industrial Phase 11 Plan of Proposed Subdivision
2. Marquis Industrial Phase 11 – Lot Sales Map and Pricing
3. Background Information Related to Chemical Buffer Zone
4. Marquis Industrial Phase 11 – Open Market Sale – Standard Terms and Conditions

REPORT APPROVAL

Written by: Clayton Waldbauer, Senior Land Development Planner
Reviewed by: Frank Long, Director of Saskatoon Land
Lynne Lacroix, General Manager, Community Services
Approved by: Clae Hack, Chief Financial Officer

Admin Report - Request to Sell City-Owned Property – Marquis Phase 11 Industrial Area.docx