

Proposed Acquisition of 219 5th Avenue North

ISSUE

Administration has negotiated a conditional agreement to purchase 219 5th Avenue North from PostMedia Network Inc. Administration is recommending the property be acquired and used as part of the City of Saskatoon's (City's) Civic Employee Parking Program as it would allow for the discontinuation of a privately owned parking lot that is being leased by the City at a cost of \$190,000 per year.

RECOMMENDATION

That Standing Policy Committee on Finance recommend to City Council:

1. That Administration be authorized to purchase 219 5th Avenue North, (Lot 16; Block 170; Plan E2335; ISC Surface Parcel No. 120283017), comprised of 0.16 acres (6,970 square feet) from PostMedia Networks Inc. at a purchase price of \$753,100; and
2. That the City Solicitor be requested to prepare the appropriate agreement to acquire the Property; and that His Worship the Mayor and the City Clerk be authorized to execute the necessary documents under the Corporate Seal.

BACKGROUND

The City of Saskatoon currently own three properties located on 200 block of 5th Avenue North:

- 209 5th Avenue North (13 parking stalls)
- 213 5th Avenue North (18 parking stalls)
- 221 5th Avenue North (24 parking stalls)

209 and 221 5th Avenue North were acquired by the City in 2013 as part of the purchase of 202 4th Avenue North, known formally as Civic Square East.

213 5th Avenue North was acquired by the City in April 2022 when the property became listed and available for purchase. 209 and 221 5th Avenue North are being used as surface parking lots as part of the City's Civic Employee Parking Program.

213 5th Avenue North is being managed by a third party and used for month-to-month non-City parking. For the location of these properties see Appendix 1.

Historical review of the property indicates, 219 5th Avenue North was used for residential and office-related uses until 2007 when the building was demolished and converted to a gravel surface parking lot.

In March 2019, a three-day workshop was convened with community stakeholders, civic representatives, local and visiting experts, to develop creative and innovative ideas that could help stimulate growth and transformation of the Downtown.

Several "best and most supported" ideas were identified at the workshop, as well as key actions recommended under various themes, including:

- Prepare the Downtown for Growth and Change
- Cut Development Risk
- Actively Stimulate Preferred Downtown Growth
- Best City-Building Principles

Several recommendations in the Inquiry Toward A Downtown Stimulus Strategy for Saskatoon report suggests the City initiate actions to kick-start and manage Downtown change.

CURRENT STATUS

The Property is strategically located in the Downtown, near Civic Square East, City Hall, and other City-owned sites which are currently used for parking. With the recent purchase of 213 5th Avenue North, Administration contacted PostMedia to see if they would be interested in selling the Property. Following conversations and negotiations, a conditional agreement for the City to purchase the Property was signed. Zoning of the site is M4 Core Area Institutional Services District, which allows for a wide range of institutional, office and community activities, commercial parking lots, as well as high density residential uses within the Downtown area.

DISCUSSION/ANALYSIS

Development Opportunity

Ownership of the Property would provide the City with the opportunity to work towards a land assembly that would provide the land base to influence redevelopment and future investment in this area. This area of the Downtown is home to several multi-story residential developments. The property is close to the Downtown office district, City Hospital, the University of Saskatchewan, and the South Saskatchewan River.

The proposed land assembly is consistent with key strategies outlined in the City Centre Plan to encourage growth of residential uses and the recommendations outlined in the above noted Inquiry Toward A Downtown Stimulus Strategy.

Termination of 300/304/312 – 5th Avenue Lease

The City has leased 300/304/312 (74 stalls) 5th Avenue from P.R. Developments since 2009 and has used the property as part of the Civic Employee Parking Program. When the Lease with P.R. Developments was renewed in October 2019 for a term of five years, the lease was amended to include a six-month termination notice at the discretion of the City.

The City's Parking Services administers the Civic Employee Parking Program which encompasses several parking lots in proximity to City Hall. If the Property is acquired, the lease for 300/304/312 5th Avenue would be terminated as:

- The Work from Home Policy is anticipated to continue to result in reduced staff parking needs.

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- The recently acquired 213 5th Avenue North parking lot being managed by a third party and used for month-to-month non-City parking could be incorporated into the Civic Employee Parking Program.

The acquisition of the Property and the termination of the lease located at 300/304/312 would result in a net reduction of 28 parking spaces. In Administration's view, the reduction will not have a significant impact on accommodating the City's short-term parking needs. The acquisition of the Property for civic parking use in conjunction with 213 5th Avenue and termination of the lease for 300/304/312 5th Avenue North will result in annual savings of \$132,000.

Terms of the Agreement

Administration has negotiated a purchase agreement with PostMedia Network Inc. to acquire the Property. Noteworthy details of the agreement are:

- Purchase price at \$753,100. Paid as a \$25,000 refundable deposit with the balance due on Closing.
- The purchase price represents a land value of \$108 per square foot which is considered to be market value and in line with sales of similar properties in the surrounding area.
- City Council approval on or before June 29, 2022.
- Possession shall coincide with the Closing Date of July 20, 2022.
- Adjustments of all utilities and taxes against the Land shall be as of the Closing Date.

FINANCIAL IMPLICATIONS

Sufficient funds for this purchase exist in the Property Realized Reserve (PRR), which would be used as the interim source of funding until such time as redevelopment of the Property is ready to proceed. Upon future sale or redevelopment of the Property, proceeds will be deposited in the PRR.

Terminating the lease at 300/304/312 5th Avenue North and reallocating current civic parking to lots owned by the City is expected to generate approximately \$132,000 in savings once the lease payments, property taxes, management fees, snow clearing, and other maintenance and operating costs are accounted for. Interim operating costs for the lot while being used for Civic Employee parking needs will be funded.

IMPLICATIONS

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

NEXT STEPS

If approved by City Council, Administration would issue a six-month termination notice for the 300/304/312 5th Avenue North parking lot lease and incorporate the 213 and 219 5th Avenue North properties into the Civic Employee Parking Program.

APPENDICES

1. Property for Acquisition – 219 5th Avenue North

REPORT APPROVAL

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