

Request to Sell City-Owned Property – Marquis Industrial Area Phase 13 – 64th Street and Radu Crescent

ISSUE

Declining inventory has increased the need for the availability of more industrial parcels to ensure an adequate supply of serviced Heavy Industrial sites. There are 18 parcels in the Marquis Industrial area on 64th Street and Radu Crescent zoned Heavy Industrial District (IH District) which were serviced completely in late fall of 2022 and ready to be released for sale.

RECOMMENDATION

1. That Administration be authorized to sell Lots 1-11, Block 947; and Lots 1-8, Block 948, Plan 102393828, through the open market (standard terms) sales approach with prices as listed in the report;
2. That the Administration be authorized to make minor adjustments to the approved list pricing that may be necessary to account for changes in servicing costs and parcels being returned; and
3. 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

Eighteen parcels of land within Phase 13 of the Marquis Industrial area are fully serviced and ready to be released. Twenty parcels of Limited Heavy Industrial (IH2) land were released to market in August 2022, and there are no remaining Heavy Industrial (IH) zoned parcels in inventory. These 18 parcels are zoned Heavy Industrial (IH) and range from 0.44 -10.89 acres in size. Some of the parcels, sized at 0.5 acres, have been subdivided to provide the opportunity for purchase by owner/occupied small businesses, a segment of the local market that has previously not been served in past industrial land offerings (see Appendix 1).

At its meeting on March 14, 2022, SPC on Finance approved the direct sale of four parcels totalling 16.69 acres (Lots 8-11, Block 947, Plan 102393828) to Matrix Equities Inc (Matrix) on behalf of TrioInvest). On February 28, 2023 Matrix informed Saskatoon Land they would not be proceeding with the sale within an extended due diligence period due to concerns with the soil stratigraphy on lot 8 identified in their geotechnical review. Additional testing performed by a 3rd party engineering consultant hired by the City has confirmed the existing soil conditions are consistent with City standards and specifications for site grading. While this additional information was provided to Matrix, they decided not to move forward with closing of the purchase. Considering this, Administration plans to release Parcels 8-11, Block 947 as part of this open market public offering.

DISCUSSION/ANALYSIS

Zoning and Pricing

All parcels have been zoned IH – Heavy Industrial District which accommodates a wide range of permitted uses. The average price per acre for all parcels within this phase ranges from \$550,000 to \$796,500 and the total sales revenue for all parcels is estimated to be \$16.43 million. These prices have been determined through an examination of current industrial parcel prices in the Saskatoon market, prepaid servicing costs, site locational factors and the developable site area for each parcel.

Proposed pricing for this phase of development is reflective of the 2022 City of Saskatoon Industrial Prepaid Service Rates schedule, approved by City Council last December and the process used by the City for calculating pre-paid servicing rates. The ½ acre sized lots have an average price per acre list price set 28% higher than the remaining lots in this phase mainly due to the additional servicing costs associated with smaller lots as required in the Saskatoon Industrial prepaid Service Rates schedule. Of note, approved Increases for Industrial lands total 12.2% over the last two years.

Sales Method

Administration is recommending an open market (standard terms) sales approach be used for the release of the parcels (see Appendix 2). If approved, the parcels will be offered publicly at the approved list price. Interested parties will have a designated period to submit offers on the parcels offered through the open market (standard terms) sales approach.

Offers received will be reviewed by Administration to determine compliance with set 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 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 inquires received from some parties for the direct purchase of 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.

Within the prepared sales information documentation, all potential purchasers will be provided a copy of the Phase 1 Environmental Site Assessment and the Geotechnical Report prepared for Parcels 8-11.

FINANCIAL IMPLICATIONS

Net proceeds from the sale of these parcels will be deposited into the Property Realized Reserve. Servicing charges are deposited in the Prepaid Reserve.

OTHER IMPLICATIONS

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

NEXT STEPS

If approved, a sales package with a public release 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 release will also be advertised in the Saskatoon Star Phoenix City page a minimum of two Saturdays prior to the offer period closing and will also be posted on Saskatoon Land's website.

APPENDICES

1. Marquis Industrial Phase 13B – Lot Sales Map and List Pricing
2. Marquis Industrial Phase 13B - 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
Approved by: Clae Hack, Chief Financial Officer, City of Saskatoon