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## Acquisition of Lands for Future Employment Development and Potential Civic Use

### ISSUE

The City of Saskatoon (City) has the opportunity to acquire 419.96 acres of land located within City limits from L&L Gravel and Ranching Co. Ltd. (L&L Gravel) that would be suitable for both future employment development and potentially other Civic use requirements such as snow and material handling and riverbank protection.

### RECOMMENDATION

1. That the Administration be authorized to acquire ISC Parcel Numbers: 135907656, 118975371, 135805967, 135805978, 135805989, 203290376, 203290387, 203543793, 203543838, 203543849, 203543861, 131676880 being approximately 419.96 acres from L&L Gravel & Ranching Co. Ltd. for \$4,034,500.00 as per the terms outlined in this report; and
2. That the City Solicitor be requested to have the appropriate agreements executed by His Worship the Mayor and the City Clerk under the Corporate Seal.

### BACKGROUND

Informally, the City has been purchasing, developing and selling land since the 1920s. In 1954, the City formally established the Land Bank (now Saskatoon Land) and began to actively acquire land for future development. As Saskatoon and region continues to grow, the existing supply of future employment land is depleted as lands are serviced and sold. As such, one of Saskatoon Land's core mandates is to ensure there is a sufficient long-term supply of future development lands for the City's land development business line through timely and responsible acquisitions.

The City-operated snow storage facilities on Central Avenue and Wanuskewin Road are not permanent locations as future neighbourhood development, open space dedications and future Saskatoon Freeway construction requirements will result in the need to close and relocate these temporary facilities.

L&L Gravel has owned the subject lands for several years and used the lands for material extraction and agricultural operations.

### DISCUSSION/ANALYSIS

Administration has entered into a conditional agreement with L&L Gravel for the acquisition of 419.96 acres in two locations as shown on Appendices 1 and 2. All lands are within City limits and within areas identified for future industrial or employment expansion.

The McOrmond Drive parcels (190.64 acres), located within the University Heights Sector (Appendix 3), are identified as future employment, business park and potential natural area lands within the 2012 Land Use Plan. The recent construction of

McOrmond Drive through the lands in 2018 provides enhanced access to this area to support development opportunities and the location of these parcels adjacent to the South Saskatchewan River valley offers potential for public ownership of the lands to ensure future public access and protection.

The RR#3053 (extended Millar Avenue) parcels (229.32 acres) are located within the approved Riel Sector Plan (Appendix 4) and have been identified for future light industrial development, arterial commercial nodes and wetland. While most of these lands would be developable, there is a portion of the land which could be cost prohibitive due to the amount of fill that would be required to bring it to the appropriate grade. However, these lands would provide an opportunity for the potential development of a Municipal Public Works Yard which would allow for permanent snow and material handling to support civic operations.

The City currently operates snow management facilities off old Central Avenue road alignment within the small swale and off Wanuskewin Road north of the Marquis Industrial Area (Appendices 3 and 4). These snow management sites are considered temporary as planned neighbourhood development, natural open space requirements within the small swale and construction of Phase 1 of the Saskatoon Freeway will require these locations to close in the future. It should also be noted the northeast extent of the lands would be impacted by Phase 1 of the Saskatoon Freeway and that subject to further study portions of the lands within the Hudson Bay Swale may be retained as natural area and or wetlands.

While the current zoning on the site would permit municipal public works activities, further investigation and field study will be required before these civic uses can be confirmed for this location.

Noteworthy details of the agreement with L&L Gravel include:

- City Council approval on or before March 27, 2024;
- Purchase price of \$4,034,500.00;
- Closing and possession date of April 15, 2024;
- Existing farm tenant has the right to farm the lands for 2024;
- Seller has one year to remove the irrigation pivot on the land;
- Seller has one year to remove possessions from the Quonset on the lands;
- Seller to pay Real Estate commissions; and
- As part of the sale, the seller would assign a SaskEnergy sale agreement for a proposed 1.40acre regulator station site to the City. As part of this assignment, the City would receive a future payment of \$34,500 from SaskEnergy. The location of this regulator station is shown on Appendix 1.

The purchase price of \$4,034,500 is based on \$9,600 per acre which represents a market value for land in these areas.

### **Due Diligence:**

In considering the purchase of the property, Administration completed due diligence reviews of the following:

- Sector plan documentation;
- Servicing assessment;
- Desk top natural area screenings;
- Historical aerial photos review;
- Environmental review; and
- Proposed Saskatoon Freeway alignment.

The following summarizes Administrations findings under due diligence investigations:

### McOrmond Drive Lands

- Lands identified as future industrial/employment, business park and potential natural area;
- Portions of the land are impacted by 1 km chemical plant buffer which prohibits public assembly and residential land use;
- Lands are within planned infrastructure extensions for storm, sanitary trunk sewers and primary water mains noted in University Heights Sector Plan;
- Portions of lands have undergone past gravel/sand extraction activities;
- Topography slopes gently towards river. No imported fill is expected to be required and cut/fill grading can be balanced within the sector while providing major storm drainage towards the river and required storm ponds;
- Riverbank protection/dedications would be required on portions adjacent to the river, restricting development opportunities; and
- Current agricultural use (farm leases) provides annual income opportunities to cover holding costs.

### RR# 3053 (Miller Ave extension) Land

- Land currently identified as future light industrial development, arterial commercial nodes and wetland;
- Land is within planned infrastructure extensions for storm, sanitary trunk sewers and primary water mains noted in Riel Sector Plan;
- Riel Sector Plan currently being amended by Long Range Planning with changes expected in 2025;
- Significant portion of the lands have been subject to past sand/gravel extractions and fill borrowing for roadway construction;
- East portions of SW 34-37-05 adjacent to the swale will require significant fill quantities resulting in this portion of the lands being difficult to economically

service. Lands adjacent to the Millar Avenue extension and the west parcel adjacent to HWY 11 will not require fill imports and can be balanced;

- Additional field study and natural area screening will be required on these lands to confirm potential for development and civic operations use;
- Portions of the lands within the Hudson Bay swale area may be set aside for protection and or storm water retention under the [Council No. C09-041](#) Wetland Policy; and
- NE portion of the land would be required by the Ministry of Highways for the Saskatoon Freeway project.

Prior to development of the Millar Ave lands for either industrial or a Municipal Public Works Yard, a field survey would be completed to establish what areas may be ecologically sensitive and how such development could interface with any ecological considerations assuming they exist.

### **FINANCIAL IMPLICATIONS**

Land acquisitions for future development are funded from the Property Realized Reserve (PRR), the purpose of which is to finance the purchase of real property for resale by the City. Sufficient funds for the purchase of this land exist in the PRR. The PRR is projected to have a balance of approximately \$25 million by the end of 2024. With this proposed purchase the balance would be reduced to an estimated \$21 million which is viewed as sufficient for the City's and Saskatoon Land's short-term needs. Additional Industrial sales currently under Agreement with purchasers will further enhance the reserves sufficiency throughout 2024.

Upon potential approval of a Municipal Public Works Yard, future development or other civic project use on the lands, the Property Realized Reserve would be compensated at the higher of historical cost or fair market value.

As is typical, Administration would explore opportunities to increase the annual income generated from the property. Surplus proceeds generated from the lease of these lands would be deposited into the City's General Revenue Account.

### **OTHER IMPLICATIONS**

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

### **NEXT STEPS**

If approved, this acquisition would close April 15, 2024, and the required documentation to finalize the sale would be completed by the City Solicitor's Office. Post closing, the City would work with SaskEnergy to complete the sale of the 1.40 acres regulator station.

**APPENDICES**

1. McOrmond Drive Lands for Acquisition
2. Millar Avenue Lands for Acquisition
3. University Heights Sector Land Use Plan with McOrmond Drive Lands Identified
4. Riel Sector Land Use Plan with Millar Avenue Lands Identified

**REPORT APPROVAL**

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