
TO: GENERAL COMMITTEE

SUBJECT: SALE OF CITY OWNED LAND (306 & 312 SAUNDERS RD) TO BETA TECH INC.

WARD: 8

PREPARED BY AND KEY CONTACT: P.DYCK, BUSINESS DEVELOPMENT OFFICER X5228

SUBMITTED BY: H.KIROLOS, DIRECTOR BUSINESS DEVELOPMENT

GENERAL MANAGER APPROVAL: ZVI LIFSHIZ, EXECUTIVE DIRECTOR INVEST BARRIE

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER



RECOMMENDED MOTION

1. That the City Clerk be authorized to execute the Agreement of Purchase and Sale between the City and 1793853 Ontario Inc. for the 2.4 acre parcel of City owned industrial land described as Lots 2 & 3 Plan 51M-379, City of Barrie, County of Simcoe and known municipally as 306 & 312 Saunders Road, for the purchase price of \$120,000 per acre, subject to the following terms and conditions:
 - a) The Purchaser acknowledges that acceptance of this offer, including all amendments, is conditional upon the approval of City Council;
 - b) The Purchaser agrees that it is purchasing the property in its present condition "as is" and further acknowledges and agrees that it has conducted such tests as it deems necessary to determine to its satisfaction, that the soil conditions for the property are satisfactory to support the development and construction of the building and other structures contemplated for its proposed use of the property;
 - c) The Purchaser has agreed that the property is subject to an easement along the northern boundary, in favour of the City for the purpose of storm drainage;
 - d) The Purchaser has agreed that it will be responsible for any fees to connect laterals to sanitary sewers, water and hydro;
 - e) The Purchaser also acknowledges that in the event it attempts to sell the Lands without having constructed an industrial building, the City shall have the option to repurchase the Property at 90% of the original sale price; and
2. That a Deeming by-law be passed to merge both the lots (Lots 2 & 3 Plan 51M-379) with the Purchaser's adjacent property at 318 Saunders Road.

3. That the proceeds from the sale of 306 & 312 Saunders Road be allocated to the Industrial Land Reserve (13-04-0430).

PURPOSE & BACKGROUND

Report Overview

4. The purpose of this staff report is to seek approval for the sale of several municipally-owned lots of industrial land along Saunders Road in the City's South Barrie Industrial Park, to 1793853 Ontario Inc. in the amount of \$120,000 per acre, totalling \$288,000.
5. The parcel is 2.4 acres in size and is situated on the North side of Saunders Road near Rawson Avenue. The entire property is made up of 3 lots totalling approximately 5.2 acres and is adjacent to the City's ACDC rail line. The sale of the two lots will leave 2.8 acres available adjacent to the rail line.
6. The north portion of the property is bounded by a storm drainage ditch which will require the City to retain an easement for ongoing maintenance.
7. Due to size of the remaining acreage, the setbacks from the ditch and easement, and the requirements of the Conservation Authority, it is unlikely that a potential rail user would be able to make use of the 2.8 acres at 300 Saunders Road. The remaining 2.8 acres are still viable for non-rail industrial users.
8. The purchaser of the lands; 1793853 Ontario Inc. also known as Beta Tech, is a local precision tooling and stamping industry which manufactures components for numerous international companies. Beta Tech operates out of two locations in Barrie one of which is at 318 Saunders Road. This property is immediately adjacent to the 312 Saunders property. The intent of Beta Tech is to use the new lands as an expansion of its adjacent facility.
9. Beta Tech wishes to physically link its existing building with the new one by constructing a causeway between the two buildings. In order to construct such a link, all the lots must be merged, or 'deemed' as one lot in order to obtain building permit approvals. For this reason the recommendations include a Deeming By-law.

ANALYSIS

10. The South Barrie Industrial Park (SBIP) is a City developed industrial park made up of multiple parcels south of Mapleview Drive East and Hwy #400. The largest parcel in SBIP is roughly 14.5 acres in size. The total remaining acreage in SBIP is roughly 26 acres. Zoning in the area is a mixture of EM3, EM4 and EM5. 306 and 312 Saunders are zoned EM4.
11. The easement along with the ditch, impact the development of the lands as it restricts where construction can occur on the lands. As well, the lands being subject to the Lake Simcoe Conservation Authority require additional plans, permits and approvals.

12. The City periodically obtains appraisals for its various industrial land holdings. The last appraisal for the SBIP was completed in 2010. Another appraisal was completed for the City's Mapleview West Industrial Park in 2014. One of the properties from this appraisal can be considered comparable to the subject property.
13. The 2010 appraised value of the lands is \$124,000 per acre, however the comparable sales at the time were taken from a few sales which occurred in during 2007 – 2008, the beginning of the market downturn. Few City owned sales have occurred since that time, with the exception of the nearby 80 Rawson Road, at \$113,800 per acre. Other nearby private sales have been in the \$82,500 to \$98,000 per acre range as seen in the table below. The purchaser has agreed to a price of \$120,000 per acre, or \$288,000 total for the two lots.
14. Recent comparable sales and appraised values are as follows:

Sale #	Date of Sale	Location	Type	Sale Price/Acre
1	08/16/2013	175 Saunders Rd	Vacant Ind. Land	\$98,039
2	08/27/2014	68 Rawson Rd (Power of Sale)	Vacant Ind. Land	\$82,500
3	April 2014	80 Rawson Rd	Vacant Ind. Land	\$113,800
4	April 2014	44 Hooper (<u>appraised value</u>)	Vacant Ind. Land	\$170,000

15. The appraisal of \$170,000 / acre for the 44 Hooper property is at the upper range of the comparables. There has been no serious interest in these City owned lands for several years.
16. With the above valuations in mind, the agreed upon price of \$120,000 / acre is seen as being a reasonable price for the sale of the lands.

ENVIRONMENTAL MATTERS

17. The purchaser will be acquiring the property in its present condition: 'as is'. Any environmental investigation will be done by the Purchaser. There are no other environmental matters related to the sale.

ALTERNATIVES

18. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could reject the sale in favour of saving the lands for a future rail user.

This alternative is not recommended as the City has not had any serious interest for rail use in several years. In addition Beta Tech is a local business which has facilities in the US. Failure to approve the sale could result in Beta Tech relocating to its US facility.

Alternative #2

General Committee could alter the proposed recommendation by requiring staff to negotiate a higher price for the lands.

Although this alternative is available, it is possible that Beta Tech would terminate the agreement in favour of expanding elsewhere.

FINANCIAL

19. Proceeds of the land sale in the amount of \$288,000 are to be allocated to the Industrial Land Reserve (13-04-0430).
20. Annual municipal realty taxes as per the 2014 BMA study, would be \$26,100 based on a 22,500 sq.ft. industrial building. One time municipal development charges are estimated to be \$253,800.

LINKAGE TO 2014-2018 STRATEGIC PLAN

21. The recommendations included in this Staff Report support the following goal identified in the 2014-2018 Strategic Plan:
- Vibrant Business Environment
22. Beta Tech is a manufacturing operation based in Barrie. It has several locations including one in the U.S. Its business of metal tooling and stamping is highly competitive and is not highly location dependent. It also serves multiple clients and is poised for additional growth. Completing the purchase agreement will help to retain a valuable local business.

APPENDIX "A"

306 & 3012 Saunders Road

