
TO: GENERAL COMMITTEE

SUBJECT: SALE OF 24-32 RAWSON AVE. CITY INDUSTRIAL LAND

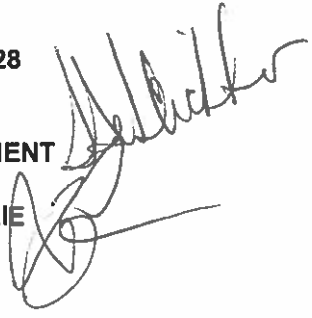
WARD: 8

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

SUBMITTED BY: S.SCHLICHTER, 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 of Barrie and RW Framing Inc.(for a company to be named at a later date), for the 4.2 acre parcel of City owned industrial land described as Lots 69, 70 & 71 Plan 51M-379, Plan of Subdivision of Part of N1/2 and S1/2 Lot Concession 11, Township of Innisfil, in the City of Barrie, County of Simcoe and known municipally as 24, 28 and 32 Rawson Avenue, for the purchase price of \$125,000 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 will conduct 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 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
 - d) The Purchaser agrees that it will within 18 (eighteen) months from the date purchased, start construction of an industrial building and complete construction within 1 (one) year.
2. That a Deeming by-law be passed to merge all the lots of the Property (Lots 69, 70 & 71 Plan 51M-379) as one lot for the purposes of development.
3. That the realized gain from the sale of 24-32 Rawson Avenue be transferred 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 Rawson Avenue in the City's South Barrie Industrial Park, to RW Framing Inc. in the amount of \$125,000 per acre, totalling \$525,000.
5. The parcel is 4.2 acres in size and is situated on the east side of Rawson Avenue. The entire property is made up of 3 lots and is adjacent to the City's ACDC rail line as depicted in Appendix 'A'.
6. RW Framing Inc. operates as a construction framing company for low-rise building construction in Vaughan. RW Framing constructs and installs on-site modular components for the housing industry. The purchase of the Rawson Avenue property is to construct a facility that will provide space for the modular framing to be constructed off-site. This will provide the company with greater operational effectiveness and efficiency. As such, RW Framing Inc. will be incorporating a new company which it expects to name and assume ownership of the lands under.
7. The Purchaser is intending to construct a 20,000 sq.ft. building initially, and expects to employ roughly 14-20 staff, which would include general labourers, administrative and engineering staff. It is expected that their products will be distributed through the GTA and Barrie markets.

ANALYSIS

8. The South Barrie Industrial Park (SBIP) is a City developed industrial park made up of multiple parcels south of Mapleview Drive East and east of Hwy #400. The largest parcel in SBIP is roughly 5.4 acres in size. The total remaining acreage in SBIP is approximately 16.4 acres. Zoning in the area is a mixture of RI, GI and HI. Lots 69, 70 & 71 Rawson are zoned GI (General Industrial).
9. Although there is infrastructure in the road (sewer & water), the lands along the north side of Rawson Avenue are not considered 'development ready'. Meaning, when the City developed the area, these particular lands were not graded and no drainage infrastructure was put in place due to the high cost. Instead, the City has discounted the selling price of the lands and it is the buyer's responsibility to take care of the remaining development requirements. As a result, value of the land is lower than most other parcels on the market.
10. Due to the nature and volume of site grading and engineering works required to prepare the site for construction, the Purchaser has been provided with eighteen months from the date of purchase to start construction of an industrial building on the property.
11. The City periodically obtains appraisals for its various industrial land holdings. The last appraisal for the SBIP was completed in 2010. However, since that time the City has sold several comparable parcels in the area, plus other private sales have occurred as well.
12. The 2010 appraised value of the lands was \$90,500 per acre. The City sold nearby 80 Rawson Road in 2012 for \$113,800 per acre to Champlain Ready Mix, and in 2015 #306-312 Saunders Road was sold to Beta Tech for \$120,000 per acre. 36-48 Rawson (immediately south of the parcels being sold) were sold to Skytech Pharmaceutical in 2015 for \$125,000 per acre – although this purchase has not closed as yet. All of these land sales are comparable to the subject site.

13. Recent comparable sales and appraised values are as follows:

Sale #	Date of Sale	Location	Type	Sale Price/Acre
1	June 2015	36-48 Rawson (Skytech Pharmaceuticals)	Vacant Ind. Land	\$125,000
2	June 2015	306-312 Saunders (Beta Tech)	Vacant Ind. Land	\$120,000
3	Aug. 2014	68 Rawson Rd (Power of Sale)	Vacant Ind. Land	\$82,500
4	April 2014	80 Rawson Rd (Ready Mix)	Vacant Ind. Land	\$113,800
5	April 2014	44 Hooper (<u>appraised value</u>)	Vacant Ind. Land	\$170,000
6	August, 2013	175 Saunders Rd	Vacant Ind. Land	\$98,039

14. 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.
15. With the above valuations in mind, the agreed upon price of \$125,000 / acre is seen as being a reasonable price for the sale of the lands.

ENVIRONMENTAL MATTERS

16. 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

17. 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 different user.

This alternative is not recommended as the City has not had any serious interest for these specific parcels. In addition these parcels are difficult to sell due the nature of the topography and the amount of grading and engineering work that needs to be completed. The proposed buyer is aware of these issues and is willing to consider these concerns within the context of its due diligence work.

FINANCIAL

18. Industrial land held for sale is recorded on the City's balance sheet at net book value (NBV). When land is sold, NBV is apportioned to the land being sold based on its proportionate share of the total acreage.
19. For the purposes of the amount to be transferred to the Industrial Land Reserve (13-04-0430) the realized gain on the sale of the Property is calculated as the total proceeds less NBV and commissions.
20. Per the City's standard broker commission fee schedule for industrial land sales, the City shall pay the Buyer's agent, commission in the amount of \$25,435 subject to the final adjustment of the purchase price, shall be paid from the Industrial Land Reserve.
21. Annual municipal realty taxes as per the 2015 BMA study, would be \$24,200 based on a 20,000 sq.ft. industrial building. One time municipal development charges are estimated to be \$388,800 at \$19.44 psf.

LINKAGE TO 2014-2018 STRATEGIC PLAN

22. The recommendations included in this Staff Report support the following goal identified in the 2014-2018 Strategic Plan:
 - Vibrant Business Environment
23. The sale of city-owned industrial land facilitates the development of an industrial building to attract business and employment opportunities to the City, contributing to Council's Strategic Priority to create a Vibrant Business Environment. The offer is at fair market value and will generate tax and development revenue for the City. For these reasons, it is recommended that the Offer from RW Framing Inc. be accepted.

APPENDIX "A"

24 – 32 Rawson Avenue

