
TO: GENERAL COMMITTEE



SUBJECT: WAIVER OF CITY OPTION TO REPURCHASE INDUSTRIAL LAND – RAWSON AVE.

WARD: 8

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

SUBMITTED BY: H.KIROLOS, DIRECTOR OF BUSINESS DEVELOPMENT

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



RECOMMENDED MOTION

1. That the Development Agreement registered against former City owned land as set out in the development agreement dated December 23rd, 2008 between the City and Focus on Landscaping described as Plan 51M379 Lot 60 RP 51R35191 Parts 1 to 3, in the City of Barrie, County of Simcoe, being 68 Rawson Avenue, be removed from title and the City Clerk and Mayor be authorized to execute all documents as may be required.
2. That Kellwat Limited reimburse the City for legal costs related to the removal of the Development Agreement from title within 30 days of the approval of this motion.
3. That the registration of the documents not be completed if the payments are not received within 30 days of notification.

PURPOSE & BACKGROUND

Report Overview

4. The purpose of this staff report is to seek Council approval to delete the Development Agreement for a previous City owned industrial property which was purchased in the South Barrie Industrial Park, and is known municipally as 68 Rawson Avenue.
5. On September 25, 2006, City Council adopted motion 06-G-495 regarding the Offer to Purchase between the City of Barrie and Focus on Landscaping Limited (FOL). The motion approved the sale of the lands and set out various terms in the Development Agreement. One of the primary terms specified the following:

“The Purchaser agrees that it cannot sell the land, or any part thereof, as vacant land, without first offering to sell the lands to the City of Barrie at a price equal to 90% of the original purchase price.”
6. The mortgagee in possession of the property wishes to sell the lands and as noted, cannot do so without the City waiving its right of first refusal to buy the lands.
7. The property was originally purchased by Focus on Landscaping, which was operated by Kyle and Wanda Bryan. The Bryan’s had also previously purchased 704 Huronia from the City. The two properties are situated directly behind each other. The Huronia property houses a landscape

building and public access, whereas the Rawson property is used solely for storage. (see Appendix "A")

8. In July, 2012 the City received a "Notice of Sale under Mortgage" indicating the mortgagee had taken possession of 68 Rawson Avenue due to the bankruptcy of Focus on Landscaping. Both the Huronia property and Rawson are under Power of Sale. Since ownership of each parcel is under two different names and development agreements, the notice only applies to Rawson Avenue.

ANALYSIS

9. Since July 2012, the mortgagee's for both properties have been attempting to sell the lands. Over this time they have received several offers although none to date have been completed. In discussion with the real estate broker looking after the sale of the lands, indications are that the City's right of first refusal is, in part, hindering the sale.
10. 68 Rawson is approximately 1.06 acres in size and is roughly 130 feet by 340 feet. There is a significant drop of 21 feet toward the rear of the property. A dirt laneway links the two properties so that the Rawson lot can be used as storage for landscaping supplies.
11. The grading issues of the Rawson lot make the lands more suitable as a combined unit; Huronia and Rawson being utilized together. The Rawson property could be sold as an individual lot but this would require infill / grading and an added expense. As well, there is a large easement in favour of the City running across the property for the purpose of storm water drainage. Nothing can be constructed on the easement, which is six metres wide, and in turn this substantially impacts the developable area of the property.
12. The owner of the Huronia property currently has an offer on Rawson. However it remains to be seen whether the agreement will close.
13. Due to the topography of the Rawson property, the state of its condition, current and historical use, there would be little benefit to the City, either financially or strategically, to repurchase the lands.
14. Rawson Avenue was originally purchased from the City in 2006 for \$74,200. The property has been listed at various price points over that time: originally at \$149,900 and finally down to \$100,000. Should the current offer be completed, the sale price would be \$82,500. The mortgagee has indicated his expenses to date are roughly \$13,600 comprised of tax arrears, and broker fees plus an additional \$11,900 in work orders for amounts owing to the City for writs issued against Focus on Landscaping. The total expense against the Mortgagee is roughly \$25,500, which in turn means they will be losing \$17,200 more than achieved in the final sale price.

ENVIRONMENTAL MATTERS

15. There are no environmental matters related to the recommendation.

ALTERNATIVES

16. The following alternative is available for consideration by General Committee:

Alternative #1

General Committee could alter the proposed recommendation by instructing staff to repurchase the lands.

Although this alternative is available, it would result in the added expenditure of \$66,780 (90% of the original purchase price) from the City's land sale reserve. (#13-04-0430) The uncommitted reserve balance currently has approximately \$2,075,607 available. The parcel would be a hard sell and is not particularly suitable for any other use other than being combined with the Huronia Road property.

FINANCIAL

17. There are no costs to the City associated with the recommendation. No additional staff resources will be required to implement the recommendation other than the legal work associated with the land transfer. This expense is to be recovered through the mortgagee Kellwatt Limited.

LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN

18. The recommendation(s) included in this Staff Report support the following goals identified in the 2010-2014 City Council Strategic Plan:
 - Direct and Manage Economic Development

APPENDIX "A"

Property Description

