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**TO:** GENERAL COMMITTEE

**SUBJECT:** SALE OF CITY OWNED INDUSTRIAL LAND 35 REID DRIVE

**WARD:** 7

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

**SUBMITTED BY:** S.SCHLICHTER, DIRECTOR BUSINESS DEVELOPMENT

**GENERAL MANAGER APPROVAL:** Z. LIFSHIZ, EXECUTIVE DIRECTOR INVEST BARRIE

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

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**RECOMMENDED MOTION**

1. That the City Clerk be authorized to execute the Agreement of Purchase and Sale between the City and 2086192 Ontario Limited (the Purchaser) for the 3.8 acre parcel of City owned industrial land described as Part of Parts 3 & 4, Plan 51R-35959, Plan of Survey of Part of Block B, Registered Plan 51M-495 City of Barrie, County of Simcoe, to be further described by Reference Plan to be deposited and known municipally as 35 Reid Drive, for the purchase price of \$285,000 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 the Council of The Corporation of the City of Barrie;
  - 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 has agreed that the property is subject to an easement described as Part of Part 4 on Plan 51R-35959, along the easterly property boundaries, in favour of the City for the purpose of storm drainage;
2. That the net proceeds from the sale of 35 Reid Drive be allocated to the Industrial Land Reserve (13-04-0430), less the 2% parkland dedication fee, which is to be allocated to the Parkland Reserve.

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## **PURPOSE & BACKGROUND**

### Report Overview

3. The purpose of this staff report is to seek approval for the sale of the municipally-owned lot of industrial land on Reid Drive in the City's Maplevue West Industrial Park (Appendix 'A'), to 2086192 Ontario Limited (the Purchaser) in the amount of \$285,000 per acre totalling approximately \$1,103,370.
4. 2086192 Ontario Limited is the acquisition arm for Moneysworth & Best which produces products for the retail shoe industry. Specifically, Moneysworth & Best develops, produces, distributes and markets over 750 shoe and foot care products to over 10,000 stores across North America and Internationally. Moneysworth & Best's annual sales are approximately \$13M and it is owned by Trendi Products Inc. which is a privately held company.
5. Moneysworth & Best are looking to set up a distribution facility at 35 Reid Drive. Moneysworth and Best intend to construct a 50,000 to 60,000 square feet light manufacturing/warehouse facility with some office space. The facility would serve the companies need for the packaging and distribution of their consumer commodity shoe care products.
6. The parcel is approximately 3.8 acres in size and is situated on the east side of Reid Drive and is bounded by the recently sold land to Kingslea Developments to the south and Aerarium's vacant parcel to the north. Approximately 3.5 acres of the subject property is developable. The remaining 0.3 acres is a storm drainage ditch constructed by the City to convey stormwater flows from the properties in the Maplevue West Business Park, and hence is not developable land. However the 0.3 acres can be used to calculate buildable area and is therefore of value.
7. The City will retain an easement over the drainage ditch portion of the lands for access and maintenance.
8. The following standard terms are part of the Agreement of Purchase and Sale and are being provided here for Council's reference:
  - a) The Purchaser agrees that it will be responsible for any fees to connect laterals to sanitary sewers and water.
  - b) The Purchaser agrees that it is purchasing the property in its present condition "as is..." The Purchaser further acknowledges and agrees that it will conduct, by the conditional date, 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 acknowledges that acceptance of this offer, including all amendments, is conditional upon the approval of City Council.

- d) The City retains the right to repurchase the lands at 90% of the purchase price should the Purchaser attempt to sell the Lands without having constructed an industrial building. The right of first refusal will be registered on title with the property on closing.
9. In accordance with By-Law 95-104, which establishes the procedure for the sale of municipal property, the lands were declared surplus through motion 97-G-125 and have been publicly advertised for sale through the City's website and via signage directly on the property.

### **ANALYSIS**

10. Moneysworth & Best's corporate head office is located in Brampton, and has been in operation since 1986. The Barrie facility would be their second location. Staffing in Brampton is approximately 12 office staff and 30 warehouse staff. The company expects to have a similar compliment of staff at their Barrie location. The anticipated Barrie staffing would be similar with 10 to 30 staff in total.
11. The Purchaser wishes to construct an industrial building ranging from 50,000 – 60,000 square feet upon completion. Their plan is to develop the site in three phases of approximately 20,000 square feet. The development charges for a 60,000 square feet building, based on the updated adjusted rate of \$19.44/square foot would result in a development charge fee of \$1,166,400, less any discounting under the Development Charge By-law for industrial expansions. Moneysworth & Best anticipates construction to commence in 2017.
12. The Mapleview West Business Park (MWBP) is a City developed industrial park consisting of multiple parcels in the area of Mapleview Drive West and Veteran's Drive. It should be noted the parcel of land being sold is the last available City owned lot in the MWBP. In 2016, approximately 12.9 acres has been sold in MWBP, making 35 Reid the last remaining lot. Its location is directly across from the BMO data/processing centre. Zoning in the area is Business Park (BP) with a special provision of SP-338, which prohibits hotels and motels.
13. A component of Moneysworth & Best's product line is aerosol sprays. As part of its warehousing there will likely be a fairly significant storage component for various aerosol products, and as a result of the proximity to the BMO facility, staff have obtained feedback from Barrie Fire and Emergency Services.
14. BFES has indicated that the building design will integrate alarms, detection and suppression given the proposed use, in accordance with the Ontario Building Code. Once designed BFES would be involved via the approval phase through to plan review and then upon final occupancy in accordance with Part 4 of the Ontario Fire Code for flammable and combustible liquids. Moneysworth & Best does not intend on processing any propellant blending on site, nor does it intend on utilizing any bulk solvent or propellant storage tanks.
15. The City periodically obtains appraisals for its various industrial land holdings. The last appraisal for the City's Mapleview West Industrial Park was in 2014. The appraisal indicated a value of \$240,000 per acre for the Reid lands. However since that time there have been a considerable number of industrial land sales in the vicinity.

16. Recent comparable sales and appraised values are shown below. King Street has seen the most activity and can be considered a comparable. As already noted, the City has sold several of its parcels in 2016 at a value of \$260,000 per acre. The table below demonstrates comparable sales in the area:

Sale #	Date of Sale	Location	Type	Sale Price/Acre
1	03/31/2016	281 King Street	Vacant Ind. Land	\$254,600
2	03/04/2016	251 King Street	Vacant Ind. Land	\$271,400
3	01/22/2016	161 King Street	Vacant Ind. Land	\$271,400
4	01/22/2016	231 King Street	Vacant Ind. Land	\$271,400
5	01/22/2016	221 King Street	Vacant Ind. Land	\$274,000
6	06/24/2015	252 King Street	Vacant Ind. Land	\$267,282
7	05/05/2015	162 King Street	Vacant Ind. Land	\$219,900
8	01/21/2015	281 Mapleview (W)	Vacant Ind. Land	\$657,292
9	October 2016	564 Veterans Drive	Vacant Ind. Land	\$260,000
10	October 2016	35-65 Reid Drive	Vacant Ind. Land	\$260,000

17. With the appraised values in mind, and the recent comparable land sales, the value range of the Reid parcel would be \$260,000 to \$274,000. The Offer from Moneysworth & Best is slightly above the value range.
18. Staff recommend the property be sold to Moneysworth & Best (2086192 Ontario Limited) as it is an appropriate end user and an established mid-sized business with a recognizable brand. Moneysworth & Best is looking to develop its first new facility outside of GTA, which will not only provide warehousing for its products but also provide office space for the marketing, sales and distribution of its product line.

**ENVIRONMENTAL MATTERS**

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

## **ALTERNATIVES**

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

### **Alternative #1**

General Committee could choose to not accept the sale of the property to Moneysworth & Best in favour of seeking an alternative purchaser

Given the current market interest in serviced industrial land, Council could choose to seek a better offer for the property in terms of proposed development, usage and/or employment. Staff do not recommend this option as the offer that has been submitted is reflective of fair market value and facilitates the expansion of a growing GTA manufacturer/distributor into the Barrie market. The City has received several expressions of interest in 35 Reid however no other parties (other than Moneysworth & Best) have come forward with an offer. Therefore, given that Moneysworth & Best is an end user, proposing growth into the Barrie market, it is recommended that General Committee approve the sale to Moneysworth & Best.

## **FINANCIAL**

21. 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 approximately \$630,255 (proceeds on sale of \$1,103,370 less \$451,048 Net Book Value, and 2% parkland dedication of \$22,067).
22. Net proceeds of the land sale less the 2% parkland dedication fee is to be allocated to the Industrial Land Reserve (13-04-0430). The current sale price is calculated at \$1,103,370 and will be adjusted based on actual survey acreage – to be completed - at a price of \$285,000 per acre.
23. Annual municipal realty taxes as per the 2015 BMA study, would be \$72,600 based on a 60,000 sq.ft. industrial building. One time municipal development charges are estimated to be \$1,166,400 at \$19.44 per square foot.

## **LINKAGE TO 2014-2018 STRATEGIC PLAN**

24. The recommendations included in this Staff Report support the following goal identified in the 2014-2018 Strategic Plan:
  - Vibrant Business Environment
25. The sale of city-owned industrial land facilitates the development of an industrial building to attract business and support employment opportunities in 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 Moneysworth & Best be accepted.

APPENDIX "A"

35 Reid Drive Aerial

