
TO: GENERAL COMMITTEE

SUBJECT: SALE OF CITY OWNED INDUSTRIAL LAND - 250 MAPLEVIEW DRIVE WEST AND EXTENSION IN CONSTRUCTION START DATE, REID DRIVE & CAPLAN AVENUE

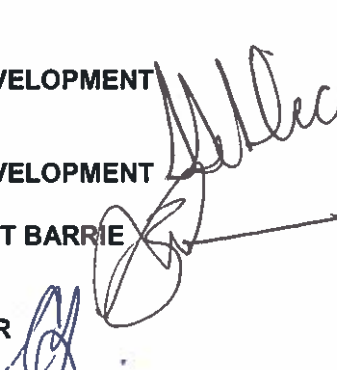
WARD: 7

PREPARED BY AND KEY CONTACT: S.SCHLICHTER, DIRECTOR BUSINESS DEVELOPMENT

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 and Maplereid Properties Inc. for the 3.39 acre parcel of City owned industrial land described as Part of Block C, (by Judges order SC46082) Plan 51M495, Designated as Parts 1 and 2 on Plan 51R35239, T/W Easement over Pt 3 51R35239 as in SC560703; S/T Easement over PT 2 51R35239 in Favour of PTS 3 and 4 51R35239 as in SC560707; City of Barrie, County of Simcoe and known municipally as 250 Mapleview Drive West for the purchase price of \$255,000 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 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 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) That the construction covenants requiring construction to commence within one (1) year from the transfer of the property be extended to the adjacent property, Part 6, on Registered Plan 51R-33133, known municipally as 220 Mapleview Drive West owned by the same Purchaser, Maplereid Properties Inc.
2. That the net proceeds from the sale of 250 Mapleview Drive West 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.
3. That a two-year extension in the period to start construction to be granted to Capreid Inc. on Parts 5 and 6 on Registered Plan 51R-35959 on Reid Drive as required by the Development

Agreement Registered on title April 30, 2008 and that the City Clerk be authorized to execute all documents as may be required in order to effect same, subject to the Purchaser agreeing to the following conditions:

- a) The provision of a written undertaking to commence construction on Parts 5 and 6 on Registered Plan 51R-35959 on Reid Drive on or before June 1, 2018;
- b) That the owner reimburse the City for administration and legal costs as set by the current Fees By-Law in the amount of \$1,400.00; and
- c) That all undertakings be received within 30 days of the notification from the Legislative and Court Services Department of the extension.

PURPOSE & BACKGROUND

Report Overview

4. The purpose of this staff report is to seek approval for the sale of the municipally-owned lot of industrial land along Mapleview Drive West in the City's Mapleview West Business Park (Appendix 'A'), to Maplereid Properties Inc. (the Purchaser) in the amount of \$255,000 per acre totalling \$864,450.
5. In addition, the report also requests extension in the construction start date for the 5.26 acre property on the southeast corner of Reid Drive and Caplan Avenue, defined as Parts 5 & 6 on Registered Plan 51R-35959 in the Mapleview West Business Park (Appendix 'B').
6. The parcel being considered for purchase is approximately 3.39 acres in size and is situated on the north side of Mapleview Drive West and is bounded by a municipally owned storm management pond to the north, a vacant industrial parcel owned by Maplereid Properties to the east and a municipally-owned drainage ditch to the west.
7. The following 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, water and hydro.
 - 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.
 - e) 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 informally advertised for sale through the Business Development Department. A 'For Sale' sign will also be erected prior to the execution of the agreement.

ANALYSIS

Offer of Purchase for 250 Mapleview Drive West

8. Maplereid Properties Inc. is substantially comprised of the same principal owners as Aerarium Development Corporation, a privately-owned local developer with significant industrial and commercial holdings within the City of Barrie. Aerarium Development Corporation serves the industrial market by providing industrial units for lease, both for smaller, multi-tenanted buildings and larger, single occupancy units. The Purchaser develops speculatively and build-to-suit for specific end-users.
9. On November 3, 2008 City Council approved motion 08-G-522 waiving the City's right to repurchase the 2.0 acre parcel of industrial land, known municipally as 220 Mapleview Drive in favour of Aerarium Development Corporation Inc. The property closed under Maplereid Properties Inc. on December 30, 2008. This property is adjacent to the subject property, 250 Mapleview Drive West.
10. In 2014, the City of Barrie re-purchased the subject property, 250 Mapleview Drive West from the mortgagee. The property has since been available for purchase. Due to the configuration of the property, the only access is provided on the Mapleview Drive West frontage. Given the number of lanes and traffic patterns, this access is restricted to right-in, right-out only turning movements, negatively impacting its attractiveness in the marketplace and overall value. Hence, as per Confidential Staff Report BDD006-13 (Repurchase of 250 Mapleview West) the City's preference would be to combine both 220 & 250 Mapleview West to alleviate any access concerns.
11. Maplereid Properties Inc. has expressed an interest in the 250 Mapleview Drive West Property to increase its property footprint and to increase development opportunity on the corner of Reid Drive and Mapleview Drive West. As their current 2.0 acre site is located at the corner of Reid Drive and Mapleview Drive West, left-in and left-out turning movements can be accommodated on the site via Reid Drive.
12. The Purchaser is intending to construct a multi-unit industrial building across both the 220 and 250 Mapleview Drive sites. Maplereid Properties Inc. is intending to phase development of the project and is currently engaged with an architect to develop the initial site design. Estimated total development size will be approximately 50,000 sq.ft.. Based on the updated adjusted rate of \$19.44 sq.ft. and an estimated 50,000 sq.ft. development, would result in a development charge fee of \$972,000.
13. Maplereid Properties Inc. is proposing to start construction within 1-year of closing on the property. The properties will merge on title upon closing, resulting in the construction start requirement to apply to both parcels.
14. The purchase agreement submitted by Maplereid Properties Inc. requires the developer to sell the lands back to the City at 90% of the purchase price should they attempt to sell the lands without developing.
15. Maplereid Properties Inc. is offering \$864,450 for the 3.39 acre parcel. This equates to \$255,000 per acre. As part of the City's re-purchase of the lands in 2014, an appraisal was completed on the subject property. The 2014 appraised value of the 250 Mapleview Drive West property was \$245,000 per acre. Several City-owned sales have occurred since that time however these sales have occurred on the east side of Hwy 400, where industrial land values are considerably less.

16. Recent comparable sales and appraised values are shown below. King Street has seen the most activity and can be considered as comparable. Nearby private sales have been in the \$220,000 to \$274,000 per acre range as seen in the table below.

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	April 2014 Appraisal	564 Veterans Drive	Vacant Ind. Land	\$245,000
10	April 2014 Appraisal	35-65 Reid Drive	Vacant Ind. Land	\$240,000

17. In consideration of the appraised value, the activity of recent comparable land sales and the restricted turning access to the property, the offer from Maplereid Properties Inc. is within the value range and reasonable.
18. At the time Maplereid Inc. purchased the property at 220 Mapleview Drive West in 2008, economic conditions were negatively impacting the industrial marketplace. High vacancy rates made the development of new inventory not economically viable due to lack of demand. Over recent years, the City of Barrie has experienced increased absorption of its industrial inventory, both in land and building. Growth and expansion of existing businesses, as well as new business start-ups and relocation are driving demand to increase availability of industrial space in the City.
19. Staff recommends the property be sold to Maplereid Properties Inc. The Purchaser has established itself as a successful developer in the City of Barrie and has supported the attraction and expansion of business in the City. This development provides the opportunity to expand Barrie's employment base and industry sectors, while complimenting the existing facilities within the Mapleview West Business Park and meeting current market demand for industrial space in Barrie. In addition, merging the 250 Mapleview Drive West site with the adjacent property at 220 Mapleview Drive West, will improve usage of the site as full turning movements will be achievable.

Extension in the Period to Start Construction – Reid Drive & Caplan Avenue – Capreid Inc.

20. On October 22, 2007 City Council approved motion 07-G-576 amended by 07-A-409 to execute the Offer to Purchase from Aerarium Development Corporation Inc. for a 5.26 acre parcel of industrial land in the Mapleview West Business Park fronting on Reid Drive and Caplan Avenue. At the time of closing the property was assigned to Capreid Inc.
21. Soon after purchasing the property, economic conditions turned, negatively impacting demand for industrial space in the marketplace. As such, Capreid Inc. has not pursued development on the property. Given the location and Business Park zoning, Capreid Inc. is seeking to attract a larger-use tenants.
22. Capreid Inc. (Aerarium Development Corporation) has an extensive development history with the City of Barrie and have expressed their full commitment to the development of their sites. Capreid Inc. has indicated that they are actively pursuing tenants for the 5.26 acre property, as well as the Maplereid Properties Inc. properties at 220 and 250 Mapleview Drive and will start construction on one or both sites prior to the start dates, should it become viable to do so.
23. Staff are supportive of the request for extension, given that the property owners are committed to developing the parcel at 220 and 250 Mapleview Drive within one-year of closing and the Reid Drive/Caplan Avenue property would follow.

ENVIRONMENTAL MATTERS

24. 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

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

Alternative #1

General Committee could reject the sale of the property to Maplereid Properties Inc.

This alternative is not recommended as Maplereid Properties Inc. has made a commitment and investment to build on existing lands in the City of Barrie and is seeking to purchase the 250 Mapleview Drive West property to create a more prominent development at the corner of Reid Drive and Mapleview Drive West. Given the configuration and restricted turning movements associated with the subject property, and that the adjacent property owned by Maplereid Properties Inc. provides full turning movements from its Reid Drive frontage, selling the subject property to Maplereid Properties Inc. supports the greatest use and opportunity for the subject lands.

Current market demand for industrial land and building has increased in the City of Barrie. The need for increased building inventory will allow for the attraction of more business and employment opportunities to Barrie.

Alternative #2

General Committee could reject the extension in the construction start date for Capreid Inc. for the 5.26 acre parcel at the corner of Reid Drive and Caplan Avenue.

This alternative is not recommended as Capreid Inc. has made a commitment and investment to build on existing lands in the City of Barrie and is currently seeking a tenant for the property. Capreid Inc. has a strong history of development in Barrie.

In addition, the City retains its property buy-back rights on the property should development not occur.

FINANCIAL

26. 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 \$864,450 and will be adjusted based on the property survey acreage at a price of \$255,000 per acre.
27. The Purchaser of the property is represented by a realtor for this transaction. As such, commission of approximately \$35,415 is payable on the transaction and will be paid from the proceeds of the land sale.
28. Annual municipal realty taxes as per the 2015 BMA study, would be \$60,500 based on a 50,000 sq.ft. industrial building. One time municipal development charges are estimated to be \$972,000 at \$19.44 per square foot and \$569,500 if the discounted rate is achieved.

LINKAGE TO 2014-2018 STRATEGIC PLAN

29. The recommendations included in this Staff Report support the following goal identified in the 2014-2018 Strategic Plan:

Vibrant Business Environment

30. 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 Maplereid Properties Inc. be accepted.

APPENDIX "A"

250 Maplevue Drive West



APPENDIX "B"

5.26 Acres – Corner of Reid Drive and Caplan Avenue

