
TO: GENERAL COMMITTEE

SUBJECT: SALE OF CITY OWNED INDUSTRIAL LAND 300 SAUNDERS ROAD

WARD: 8

PREPARED BY AND KEY CONTACT: M. BALOGUN, BUSINESS DEVELOPMENT OFFICER, X5035

SUBMITTED BY: S.SCHLICHTER, DIRECTOR OF BUSINESS DEVELOPMENT

GENERAL MANAGER APPROVAL: Z. LIFSHIZ, EXECUTIVE DIRECTOR OF 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 (the Seller) and Progressive Waste Solutions Canada Inc. (the Purchaser) for the 2.772 acre parcel of City-owned industrial land described as Lot 1 Plan 51M-379 City of Barrie, County of Simcoe, fronting the north side of Saunders Road, for the purchase price of \$195,000 per acre, and 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 a parking lot and other structures contemplated for its proposed use of the property;
 - c) Upon closing, the Purchaser agrees to merge the property with its adjoining property, known municipally as 320 Saunders Road, Barrie, Ontario, Canada owned by Progressive Waste Canada Inc. to create one property. This will be confirmed by the Purchaser’s solicitor prior to closing;
 - d) The Purchaser covenants and agrees that all land development activities shall be conducted in accordance with the City of Barrie’s Zoning By-law.
 - e) The Purchaser covenants that it will not sever the said lands, and sell as vacant industrial land, to any person, firm or corporation, without first offering in writing, delivered to the Legislative and Court Service Department, City Hall, 70 Collier Street, Barrie, Ontario, to sell such lands to the Seller at a price equal to ninety (90%) percent of the original purchase price paid by the Purchaser to the Seller, and free from any and all encumbrances; and
 - f) The Purchaser acknowledges that the property abuts a railline owned by the Seller, and accepts the terms associated with the use of the rail outlined in the agreement.

2. That the net proceeds from the sale of 300 Saunders Road 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 and less the commission of as per the City of Barrie's Standard Broker Commission Fee Schedule for industrial land sales. (BDD002-17) (File: L00)

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 at 300 Saunders Road in the City's South Barrie Industrial Park (Appendix "A"), to Progressive Waste Solutions Canada Inc. in the amount of \$540,150.
4. Progressive Waste Solutions Canada Inc. is one of North America's largest full-service, vertically integrated waste solutions companies, providing non-hazardous waste collection, recycling and landfill disposal services. The company currently has two locations in Barrie located at 320 Saunders Road and 10 Hooper Road, servicing commercial, industrial and residential customers in the City of Barrie and Simcoe County. Progressive employs a total of 300 staff locally.
5. Progressive Waste Solutions Canada Inc. is at full capacity at their current location on 320 Saunders Road. As the population and businesses in the City of Barrie and Simcoe County continue to grow, Progressive Waste also continues to expand in order to be able to keep up with the communities it serves. Progressive Waste is interested in purchasing 300 Saunders Road to achieve the following:
 - a) Provide parking and refuelling for their added fleet of recycling trucks and relocate some existing truck parking and refuelling from their 320 Saunders Road site.
 - b) Expand its existing building at 320 Saunders Road to add an additional 5 truck service bays.
 - c) Over time, the Purchaser expects to consolidate container maintenance operations performed at other distant locations to the Saunders regional facility.
6. 300 Saunders Road is 2.7 acres in size. It is situated north of Saunders Road and east of Welham Road. Located directly north of the lot is Progressive Waste Solutions' facility at 320 Saunders Road. A City-owned railway line abuts the property's western boundary. The Purchaser has agreed to build and maintain a chain link fence 1.8 meters high along the property boundary to the extent of the lands that abut the rail corridor to the satisfaction of the City.
7. The Purchaser agrees to satisfy the City of Barrie that it is in compliance with drainage, grading, and other measures required to not interfere with rail operations.
8. The Purchaser acknowledges that to comply with the City's zoning By-law, in order to use 300 Saunders for parking without constructing a building on site, it will require that the property be merged on title with 320 Saunders Road.
9. 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 a parking lot 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 sever and sell the Lands as a vacant lot. The right of first refusal will be registered on title with the property on closing.
10. 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

- 11. Progressive Waste Solutions’ corporate head office is located in Vaughan. Their two office locations in Barrie at 320 Saunders Road and 10 Hooper Road serve the City of Barrie and Simcoe County residents and businesses. The company has about 300 staff locally, and the 300 Saunders Road acquisition will allow them to add 5 to 15 jobs in Barrie.
- 12. The Purchaser has been providing waste disposal services to the City of Barrie and surrounding areas for the past 25 years. Progressive Waste Solutions is currently on the second year of an eight-year contract with the City of Barrie, and on the third year of a nine-year contract with County of Simcoe.
- 13. The Purchaser wishes to merge the property at 300 Saunders Road with its existing property at 320 Saunders Road and utilize the property to park and refuel its expanding recycling collection fleet. Progressive Waste Solutions is at capacity at its location on 320 Saunders Road, which has 5 service bays and parking for their 135 trucks.
- 14. With the growth of the region, Progressive Waste Solutions plans to purchase 5 additional trucks in 2017. The company will require a 10-service bay building to accommodate its fleet, which can be achieved with the additional lands for parking at 300 Saunders Road.
- 15. The Purchaser’s fleet is fully comprised of trucks using Compressed Natural Gas (CNG). The Purchaser has a CNG fuelling station at 320 Saunders Road, and plans to extend fuel lines south onto the lot at 300 Saunders Road, to the east of the City’s railway line. The Purchaser has indicated that an adequate setback will be provided for the fuel lines in addition to compliance with Federal and Provincial requirements.
- 16. The parcel abuts the City’s rail line. Given the relatively small size of the parcel, its slope and location within the regulation limits of the Lake Simcoe Regional Conservation Authority, the creation of a rail siding to support a rail user is not feasible for this property.
- 17. The City periodically obtains appraisals for its various industrial land holdings. The last appraisal for 300 Saunders was in 2010. The appraisal indicated a value of \$124,000 per acre for the Saunders lands.

18. In order to determine an updated market value of the site, Staff opted to obtain a market valuation of the lands from Sutton Group Incentive Realty of Barrie rather than pursue a full updated appraisal. Staff utilized this valuation method due the volume of industrial market activity that would provide reasonable comparables, the known factors associated with developing the property, and the efficiency of the process as there is a general sense of urgency for the Purchaser to secure the property for its expansion. The value was determined to fall within a range of \$150,400 to \$188,000 per acre. The report also noted upward pressures on the value of land reflective of current demand for vacant industrial land of this type in the market.
19. 300 Saunders is subject to both slope and drainage issues requiring grading and Conservation Authority approval for any work to be completed.
20. Recent comparable sales for lands in the vicinity are as follows:

Sale #	Date of Sale	Location	Zoning	Sale Price/Acre
1	8/16/2013	175 Saunders Rd	GI	\$101,522
2	10/19/2012	65 Ellis Drive	GI	\$174,325
3	7/4/2016	572 Welham	GI	\$248,472
4	1/15/2016	545 Tiffin	GI	\$114,232
5	May 2016	625 Welham	GI	\$151,800
6	July 2015	306-312 Sauners	GI	\$120,000

21. The City is in receipt of an offer from Progressive Waste Solutions at the rate of \$195,000 per acre which is above the value provided from the market valuation.
22. Staff recommend the property be sold to Progressive Waste Solutions Canada Inc. as they are capacity at their current location, and need additional room to grow their fleet. Progressive Waste Solution's Barrie location allows them to serve their customers all across Simcoe County, and the company continues to grow as a direct result of the population and business growth in the community. With the additional lot, the company will have a location to park newer trucks, as well as have the ability to expand its building at 320 Saunders Road and facilitate employment growth.

ENVIRONMENTAL MATTERS

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

ALTERNATIVES

24. 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 Progressive Waste Solutions Canada Inc. 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 does not recommend this option as the offer that has been submitted is reflective of fair market value and facilitates the expansion of a local business that continues to grow. The City has received several expressions of interest on 300 Saunders Road however no other parties (other than Progressive Waste Solutions) have come forward with an offer. Therefore, given that Progressive Waste Solutions is an end user that is experiencing positive growth in the City, and the company is at capacity at their current location just north of the lot, it is recommended that General Committee approve the sale to Progressive Waste Solutions.

FINANCIAL

25. The Purchaser is not intending to construct a building on the subject lands, no development revenue would be achieved. The expansion contemplated by the Purchaser would be an expansion to an existing industrial building and thus, would be exempt from Development Charges under the current DC By Law for an addition up to 50% of its existing building size.
26. As such, revenue to the City would be through taxation as a result of increased assessment value of the property through incremental building value to the assessment.
27. 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 will be calculated based on the proceeds on sale of the property at \$540,150 less its Net Book Value, less \$26,467.35 commission payable and less 2% parkland dedication of \$10,803.
28. Net proceeds of the land sale less the 2% parkland dedication fee and sales commission is to be allocated to the Industrial Land Reserve (13-04-0430). The current sale price is calculated as \$540,150 at a price of \$195,000 per acre.

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 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 revenue for the City. For these reasons, it is recommended that the Offer from Progressive Waste Solutions Canada Inc. be accepted.

APPENDIX "A"

300 Saunders Road Aerial

