

**To:** COUNCIL

**Meeting Date:** 12/5/2023

**Subject:** 0 Savage Drive - Potential Sale to 454 Dobbie Drive

**Submitted By:** Bryan Boodhoo, City Solicitor

**Prepared By:** Paul Kan, Manager of Realty Services

**Report No.:** 23-070-OCM

**File No.:** RS-19-23

**Wards Affected:** Ward 7

**RECOMMENDATION(S):**

THAT Report 23-070-OCM (0 Savage Drive - Potential Sale to 454 Dobbie Drive) be received;

AND THAT Council declare the property municipally known as 0 Savage Drive with the legal description Lot 57 Plan 1135 Cambridge subject to right instrument 257747; Cambridge; subject to easement in favour of parts 1, 4 & 5, on reference plan 67R3026 as instrument WR413804 as lands surplus to City needs;

AND THAT Council authorize the sale of certain property rights in connection with 0 Savage Drive to Grundel Investments Inc. in accordance with the key business terms as outlined in this report;

AND THAT the sales proceeds in the amount of \$325,000 subject to adjustments, be allocated to the Capital Works Reserve Fund;

AND THAT the Mayor and Clerk be authorized to execute the agreement of purchase and sale required to implement and give effect to the adopted recommendations as set out in this report, and in a form subject to the satisfaction of the City Solicitor;

AND FURTHER THAT the City Solicitor and the Manager of Realty Services be authorized to execute all ancillary closing documents necessary to complete the transaction.

## **EXECUTIVE SUMMARY:**

### **Purpose**

The City and Grundel Investment Inc. (“Grundel”) have agreed to the key business terms of an agreement of purchase and sale for Grundel to purchase from the City certain property rights in connection with 0 Savage Drive (the “Property”). Grundel has signed an agreement of purchase and sale (the “APS”) with an irrevocable date of January 15, 2024.

### **Key Findings**

- The Property is owned by the City and is municipally known as 0 Savage Drive.
- The Property is a strip of land fronting on to Savage Drive and abuts properties that front on to Dobbie Drive to the east and Franklin Boulevard to the west. To the north, the Property connects to a railway corridor owned by the Canadian Pacific Railway Company (“CP”). In Figure 1 – Location Map, a black dotted line outlines the Property.
- Located on the Property is a railway spur line that connects to the CP rail corridor which enables trains to make deliveries to businesses located on properties abutting the Property.
- Grundel is the property owner of 454 Dobbie Drive which is identified in Figure 1 – Location Map as the area that is diagonally striped.
- Grundel is proposing to construct a building structure that will envelope its rail car loading area to provide noise mitigation for the residential properties to the north at Bluerock Crescent.
- For Grundel to move forward with this project, Grundel will need to acquire from the City a portion of the Property in fee simple and a non-exclusive easement over the remainder of the Property as identified in Figure1 – Location Map.
- On July 18, 2023, Council approved a zoning by-law amendment to rezone 454 Dobbie Drive to help facilitate the construction of the building structure proposed by Grundel.
- An agreement of purchase and sale has been negotiated with Grundel for it to purchase the noted property rights. The key business terms of the agreement are as follows:

- The purchase price is \$325,000 plus applicable taxes.
- The sale is based on an as-is where-is basis.
- The agreement of purchase and sale is subject to Council approval.
- The agreement of purchase and sale has been signed by Grundel and is irrevocable until January 15, 2024.

## **Financial Implications**

The sale of property rights to Grundel will generate \$325,000 of revenue for the City and the proceeds from the sale will be allocated to the Capital Works Reserve Fund.

## **STRATEGIC ALIGNMENT:**

☐ Strategic Action

**Objective(s):** Not Applicable

**Strategic Action:** Not Applicable

**OR**

☒ Core Service

**Program:** Property and Realty

**Core Service:** Acquisition and Disposals of Real Property

The acquisition and disposition of real property is a Realty Services' core service provided to support City stakeholders' initiatives, projects, and work. In this case, the sale of City property to Grundel supports its initiative to expand and improve its business operations within Cambridge, provides noise mitigation to surrounding areas, and generates additional revenue for the City.

## **BACKGROUND:**

Grundel operates a metal recycling business at its property municipally known as 454 Dobbie Drive. Scrap metal is delivered to Grundel by train on the rail spur line located on the City property municipally known as 0 Savage Drive. Grundel is proposing to construct a building that will receive and envelope incoming trains delivering scrap metal.

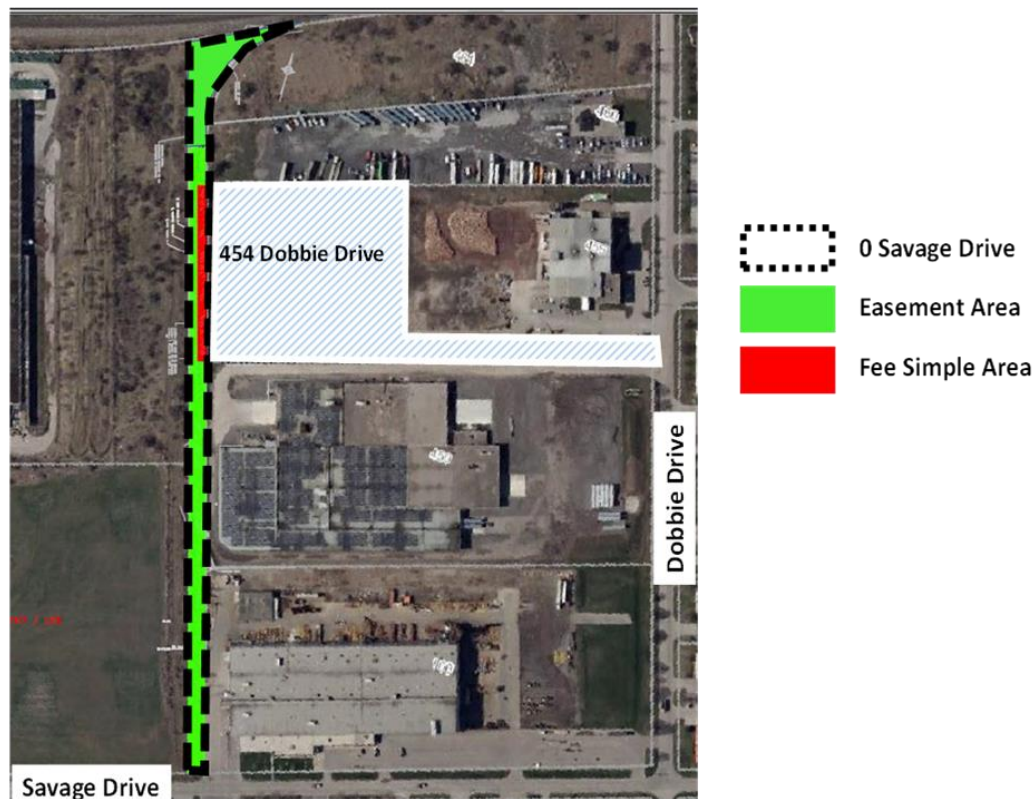
On July 18, 2023, Council approved a Planning Services recommendation through report 23-184-CD for a zoning by-law amendment to rezone 454 Dobbie Drive with site specific zoning provisions to permit removal of a required landscape strip along the northern property line and to facilitate the proposed construction of a building/structure with zero setbacks from the northern, southern, and western property lines. The report also noted and supported a potential City sale to Grundel of certain property rights in connection with 0 Savage Drive to accommodate Grundel's proposed project. The sale of the property rights to Grundel is necessary for Grundel to complete its noise mitigation measures.

## ANALYSIS:

### 0 Savage Drive

0 Savage Drive is a narrow strip of land of approximately 2.047 acres. Located on the Property is a railway spur line that connects to the CP railway corridor and enables trains to make deliveries to businesses located at properties abutting 0 Savage Drive. The Property is not developable as a standalone site due to its dimensions and is encumbered with easements.

Figure 1 – Location Map



## **City Disposition Process**

Disposition of City owned lands requires the following:

1. Council declares the land surplus to City needs.
2. The land is to be sold at fair market value supported by property valuation(s) from Realty Services.
3. Council approves the agreement of purchase and sale of the land(s) proposed to be sold.
4. Notice of the impending sale is to be given to the public by way of publishing it in the Council Agenda.

## **Sale Price**

The negotiated selling price is \$325,000 for 0.197 acres of land in fee simple to accommodate a portion of the proposed building structure and for a non-exclusive easement over the remainder 1.85 acres of land to accommodate a new bypass track. The selling price is based on a \$750,000 per acre land rate for commercial industrial lands and takes into consideration that the lands are encumbered by easements and right of way.

## **EXISTING POLICY / BY-LAW(S):**

By-law 74-95 sets out provisions, procedures, and guidelines with respect to authority and due diligence for property acquisitions and dispositions.

## **FINANCIAL IMPACT:**

The sale of property rights to Grundel will generate \$325,000 of revenue for the City and the proceeds from the sale will be allocated to the Capital Works Reserve Fund.

## **PUBLIC VALUE:**

The City is demonstrating responsible stewardship of public assets including the disposition of real property through detailed planning and due diligence to ensure that sales proceeds and other benefits to the City and community are optimized.

## **ADVISORY COMMITTEE INPUT:**

Not applicable.

## **PUBLIC INPUT:**

Posted publicly as part of the report process.

## **INTERNAL / EXTERNAL CONSULTATION:**

The following internal stakeholders were consulted:

1. Planning Services Division
2. Financial Services Division
3. Legal Division
4. Economic Development Division

The following external stakeholders were consulted:

1. Antec Appraisal Group
2. Grundel Investments Inc.
3. Grandbridge Energy Inc.

## **CONCLUSION:**

City sale of certain property rights to Grundel in connection with 0 Savage Drive will help facilitate Grundel's proposed construction of a noise barrier structure for its operations. This benefits the community as the noise generated by Grundel's operations at 454 Dobbie Drive will be reduced. The proposed sale will also generate revenue for the City. It is recommended that Council approve the agreement of purchase and sale between the City and Grundel and direct staff to complete the transaction.

## **REPORT IMPACTS:**

Agreement: **Yes**

By-law: **No**

Budget Amendment: **No**

Policy: **No**

## **APPROVALS:**

**Chief Financial Officer**

**City Solicitor**

**City Manager**

**ATTACHMENTS:**

No attachments.