

Economic Opportunity Option to Purchase Agreement

Date	April 12, 2021
To	City Council
From	Financial Strategy & Sustainability
Service Area	Land, Real Estate & Facilities
Item No.	CM21-6

RECOMMENDATION

That City Council:

1. Approve the City entering into an agreement granting an option to purchase the City owned lands described in Appendix A for \$4 million dollars as outlined in this report.
2. Authorize the Executive Director of Financial Strategy and Sustainability to negotiate any other commercially relevant terms and conditions of the land option agreement.
3. Authorize the City Clerk to execute the land option agreement as approved by the City Solicitor.

ISSUE

The City has been approached by an independent commercial party (the “Purchaser”) regarding an economic development opportunity requiring land north of the City as shown on Appendix A. The development would represent a significant investment by the Purchaser. Construction of the development would also employ a significant number of workers at a time that the economy is recovering from the pandemic and create ongoing permanent jobs once operational. Multiple geographic locations are being evaluated by the Purchaser for this development, as a result granting an option to purchase City owned lands at a price below market value is reasonable to secure the increased economic activity and benefits this development would bring to the City if it were located here.

As the proposed land option agreement would result in a sale of land for less than fair market value and without a public offering, City Council approval is required pursuant to

section 101 of *The Cities Act* and section 41 of *The Regina Administration Bylaw 2003-69*.

IMPACTS

Financial

The City will receive a non-refundable option fee of \$50,000 in consideration for granting the proposed option rights. If the option is exercised, the proposed agreement provides the Purchaser the option to purchase the land for \$4M which is less than the appraised value of \$6.3M. The City originally purchased the land for \$478,000.

Policy/Strategic Impact

The work to secure this economic development opportunity supports the City of Regina's Official Community Plan's three Economic Development goals of:

Economic Vitality and Competitiveness- *Foster an environment conducive to economic vitality and competitiveness which supports the standard of living of residents in Regina and the surrounding region.*

Economic Growth- *Optimize the economic development potential of Regina, the region, and the Province of Saskatchewan.*

Economic Generators- *Cultivate entrepreneurship and support economic generators.*

In accordance with clause 4(2)(d) of *The Cities Act*, one of the express purposes of the city, as a municipal corporation, is to "foster economic, social and environmental well being".

Economic

Economic Development Regina estimates the proposed development would add approximately \$500 million to the Regina region's gross domestic product and indirectly support up to 1,500 jobs. Spinoff businesses are also expected following the servicing of this land offering further economic development and sales opportunities of serviced land for the City of Regina.

OTHER OPTIONS

City Council could decide not to approve the land option agreement which may result in the Purchaser pursuing other geographical locations for their development.

COMMUNICATIONS

Council is required to give public notice prior to considering approval of an option to purchase City owned lands for less than fair market value and without a public offering. Notice was advertised on April 3, 2021 on the City's website, public notice board and in the CityPage section of the Leader Post in accordance with the *The Public Notice Policy Bylaw, 2020*. The decision of City Council will be provided to the Purchaser.

DISCUSSION

The City has been approached in relation to a proposed development that would represent a substantial economic opportunity for the City of Regina. If located here, the development would employ a significant number of construction jobs followed by ongoing permanent jobs as well as indirectly supporting another 1,500 jobs in the Regina area. Overall, the development is projected to add approximately \$500 million to the Regina region's gross domestic product. The City owned lands described in Appendix A have been identified as a suitable potential site for the development to be established on.

To support this opportunity and to encourage its construction at the Regina location, the Administration is recommending that Council approve the City entering into an agreement granting an option to purchase the noted City owned lands for \$4 million dollars. The City recently commissioned Brunson Lawrek and Associates to provide a professional appraisal of lands. Their report dated March 16, 2021 estimates the market value of the property at \$6.3 million dollars. In consideration for the option being granted, the City will receive a non-refundable option fee of \$50,000.00.

The option to purchase will be required to be exercised within a term of one year. The City and the Purchaser will need to come to mutual agreement on a number of other matters related to the development, all of which require additional study and negotiation, and which will be subject to future Council approvals. The result of those negotiations and the Administration's recommendations pertaining to any additional agreements or other matters necessary to support the development in the Regina area will be the subject of future reports to Council should the option be intended to be exercised, including further detail regarding the Purchaser and the specific development plans that are proposed.

Should the option to purchase be exercised but construction of the proposed development not begin within two years of the transfer of the lands, the City shall have the right to take ownership of the lands back upon refunding the \$4 million dollar purchase price, less the \$50,000 option fee.

DECISION HISTORY

This property has not been before City Council previously.
The recommendations in this report require City Council approval.

Respectfully submitted,


Barry Lacey, Exec. Director, Financial Strategy & Sustainability 4/6/2021

ATTACHMENTS

Appendix A - Fleet St 1102N Map21 Layered