

3. SALE OF LAND – 1021 THOMAS SPRATT PLACE
VENTE DE TERRAIN – 1021, PLACE THOMAS SPRATT

COMMITTEE RECOMMENDATION

That Council approve the sale of the said land, subject to any easements that may be required, to the Medical Council of Canada for \$1,850,000 plus HST, subject to adjustment to accommodate plans for a multi-use pathway as detailed in this report, pursuant to an Agreement of Purchase and Sale that has been received.

RECOMMANDATION DU COMITÉ

Que le Conseil approuve la vente du dit terrain, sous réserve de toute servitude nécessaire, au Conseil médical du Canada pour un montant de 1 850 000, TVH en sus, sous réserve d'un ajustement permettant l'aménagement d'un sentier polyvalent, tel que décrit dans le présent rapport, conformément à une convention d'achat et de vente reçue.

DOCUMENTATION / DOCUMENTATION

1. Nancy Schepers, Deputy City Manager report dated 9 January 2013 (ACS2012-PAI-REP-0001) / Rapport de la Directrice municipale adjointe daté du 09 Janvier 2013 (ACS2012-PAI-REP-0001).

Report to/Rapport au :

Finance and Economic Development Committee
Comité des finances et du développement économique

and Council / et au Conseil

January 9, 2013
9 janvier 2013

Submitted by/Soumis par : Nancy Schepers, Deputy City Manager/Directice
municipale adjointe, Planning and Infrastructure / Urbanisme et Infrastructure

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GLOUCESTER-SOUTHGATE (10)

Ref N°: ACS2013-PAI-REP-0001

SUBJECT: SALE OF LAND – 1021 THOMAS SPRATT PLACE

OBJET : VENTE DE TERRAIN – 1021, PLACE THOMAS SPRATT

REPORT RECOMMENDATION

That the Finance and Economic Development Committee declare as surplus to the City's needs a parcel of vacant land situated in the Ottawa Business Park at 1021 Thomas Spratt Place described as Parts 7, 8 and 9 on Reference Plan 5R-12313, shown as Parcels 1, 2 and 3 on Document 1, and recommend that Council approve the sale of the said land, subject to any easements that may be required, to the Medical Council of Canada for \$1,850,000 plus HST, subject to adjustment to accommodate plans for a multi-use pathway as detailed in this report, pursuant to an Agreement of Purchase and Sale that has been received.

RECOMMANDATION DU RAPPORT

Que le Comité des finances et du développement économique déclare excédentaire pour les besoins de la Ville un terrain vacant situé dans le parc d'affaires d'Ottawa, au 1021, place Thomas-Spratt, décrit comme constituant les parties 7, 8 et 9 sur le plan de renvoi 5R-12313, illustrée comme étant les parcelles 1, 2 et 3 dans le document 1, et qu'il recommande que le Conseil approuve la vente du dit terrain, sous réserve de toute servitude nécessaire, au Conseil médical du Canada pour un montant de 1 850 000, TVH en sus, sous réserve d'un ajustement permettant l'aménagement d'un sentier polyvalent, tel

que décrit dans le présent rapport, conformément à une convention d'achat et de vente reçue.

BACKGROUND

The Ottawa Business Park was created by the former City of Ottawa in 1984 to attract new and expanding businesses to the municipality. The Ottawa Business Park is a fully serviced 111 hectares park that was subdivided into approximately 75 developable sites ranging in size from one half to four hectares.

The subject property is a 1.578 hectares (3.90 acres) parcel of vacant land located in the Ottawa Business Park at 1021 Thomas Spratt Place. It is situated on the east of Thurston Drive at the most easterly end of Thomas Spratt Place shown as Parcels 1, 2 and 3 on Document 1. The property is subject to existing easements described as Parts 7 and 8, Plan 5R-12313. Part 7 is an easement in favour of Hydro Ottawa, and Part 8 is an easement in favour of the City of Ottawa for the South Ottawa Collector Sewer. The property is also subject to covenants that were established by the former City of Ottawa to control development within the Ottawa Business Park.

DISCUSSION

The subject property was advertised for sale at an asking price of \$1,550,000, which was based on the findings of both internal and external appraisals. Notice of the offering was posted on the City's website and "For Sale" signs were erected on the property from 30 July 2012 to 16 August 2012. Information data sheets were also available upon request. In response to this offering two Offers to Purchase were received as follows:

OFFER 1 \$900,000 Unconditional

OFFER 2 \$1,850,000 Subject to the following Purchaser Conditions:

1. The Purchaser satisfying itself within 75 days following the Date of Acceptance (Purchaser Condition Date) with respect to all aspects of the Real Property, including the intended development and use as well as the construction of the proposed structures and other physical improvements thereon.
2. The City assisting the Purchaser in satisfying its true conditions precedent prior to the Purchaser Condition Date by:
 - a. delivering to the Purchaser authorizations to third party authorities necessary to permit the Purchaser to obtain information from such authorities;

- b. providing the Purchaser and its agent free access to the Real Property for the purpose of undertaking physical/engineering inspections, environmental audits and soil tests;
 - c. providing the Purchaser with access to all reports, studies, files, records and other information pertaining to the Real Property that are in possession of the Vendor.
3. The Purchaser having the right without the consent of the Vendor to assign the Agreement on or before the Closing Date to the Medical Council of Canada (MCC), provided the MCC agrees with the Vendor to assume, perform and be bound by the Purchaser's covenants and obligations under this Agreement.

Although OFFER 1 did not contain purchaser conditions, the purchase price of \$900,000 was substantially below the asking price of \$1,550,000 and was not considered to be a reasonable offer. OFFER 2 contained three purchaser conditions, and all were considered to be acceptable to the City. Since the purchase price of \$1,850,000 exceeded the asking price by \$300,000, OFFER 2 was judged to be reasonable and in the City's best interest to accept.

The recommended offer, which was submitted by Broccolini Construction (Ontario) Inc., is subject to Broccolini having the right to assign its agreement of purchase and sale to the Medical Council of Canada (MCC). The MCC currently owns and occupies floor space in a 3-storey commercial office building located in the Ottawa Business Park at 2283 St. Laurent Boulevard. As a result of a need for additional floor space the MCC is proposing to issue a Request for Proposal with a view to constructing larger accommodation on alternate premises. In that regard, the MCC identified 1021 Thomas Spratt Place as its preferred future location and asked Broccolini to act on its behalf in submitting an offer to the City to purchase the property. Following the City's acceptance of the Broccolini offer, all Purchaser Conditions have been waived and Broccolini has assigned the agreement of purchase and sale to the MCC.

Council will be asked to waive the rules of procedure to consider this item at its meeting of 23 January in order to meet the 25 January 2013 date of approval as set out in the Agreement of Purchase and Sale that has been assigned to the MCC.

Ottawa Pedestrian Plan

Schedule 8b of the Ottawa Pedestrian Plan proposes a future pathway connecting the Ottawa Business Park with the Hawthorne Business Park. To facilitate this connection the Ottawa Pedestrian Plan identified a pathway alignment extending from the cul-de-sac on Thomas Spratt Place, across a portion of the subject property to the northerly

limit of an operating Canadian National (CN) rail corridor. From that point the pathway would continue across the tracks, then over a strip of City-owned property to intersect with Ages Drive.

Although both the MCC and the City prefer the pathway to occupy the least amount of land from the subject property, the final location of the pathway is dependent on engineering considerations, which will dictate where it must cross the rail corridor and thus where it will exit from the subject property.

Since the exact location of the rail crossing has yet to be determined, and since it may not be known on the closing date, the agreement of purchase and sale contemplates the creation of a pathway corridor of sufficient length to accommodate a crossing at whatever location may be ultimately agreed to and identified by CN. This corridor is shown as Parcels 2 and 3 on Document 1. On the date of closing for the sale of 1021 Thomas Spratt Place the MCC will provide an Undertaking to convey title to Parcel 2 and easement rights in Parcel 3 to the City upon the City's request. The City will be responsible for survey and legal costs to complete the pathway conveyances.

Based on the pro-rata value of Parcel 2 at \$117.23 per square metre and the pro-rata value of easement rights in Parcel 3 at \$58.61 per square metre, the maximum consideration for the pathway conveyances shall be \$140,902 calculated as follows:

Area Parcel 2	320 m ²	x	\$117.23/m ²	=	\$37,514
Area Parcel 3	1,764 m ²	x	\$58.61/m ²	=	<u>\$103,388</u>
					\$140,902

As security for the above noted Undertaking by MCC to convey the pathway in the future, the pathway consideration of \$140,902 will be withheld from the \$1,850,000 purchase price on closing, and will be held by the purchaser's solicitor in the law firm's trust account with interest accruing to the City until such time as the pathway conveyances are completed.

If, within ten (10) years from the date of closing, the exact location and size of the pathway have been determined, upon the City's request the pathway conveyances will be completed. The City will then release its interest to the MCC in whatever portions of Parcels 2 and 3 are not required for pathway purposes, and the MCC will pay to the City from its solicitor's trust account the relevant portion of the pathway consideration attributable to the lands not needed for the pathway.

If, within ten (10) years from the date of closing the location and size of the pathway connection is not determined, the MCC will have no further obligation to convey the pathway to the City and the full amount of the pathway consideration of \$140,902, plus accrued interest, will be paid to the City.

To ensure that this agreement is binding upon the parties as well as their successors in title, on the closing of this transaction a form of the agreement will be registered on title and will run with title to the subject property.

Business Parks Covenants

The sale of 1021 Thomas Spratt Place will also be subject to restrictive covenants that were established by the former City of Ottawa to control development within the Ottawa Business Park. These covenants will be registered on title at the time of sale.

It is therefore recommended that Committee declare 1021 Thomas Spratt Place as surplus to City needs, and that Council approve its sale to Medical Council of Canada for \$1,850,000 plus HST, pursuant to the Agreement of Purchase and Sale.

RURAL IMPLICATIONS

There are no rural implications resulting from the recommendations in this report.

CONSULTATION

In accordance with policies approved by City Council on 28 March 2012, the availability of the property was circulated to all client City Departments, including the Affordable Housing Division, Infrastructure Services and Community Sustainability and City Operations, to determine if the parcel should be retained for a City mandated program. The Land Use and Natural Systems Unit of the Infrastructure Services and Community Sustainability Portfolio was consulted with respect to the City's natural heritage system and related policies in the Official Plan; their comments are indicated under the Environmental Implications section of this report. Neither the Affordable Housing Division nor any City Department expressed interest in retaining the property. However, Transportation Planning Branch expressed a need to secure a corridor across the subject property to accommodate a multi-use pathway as outlined in the Ottawa Pedestrian Plan.

The sale of the land will be subject to existing easements. The utility companies were circulated and no additional easement protection was requested.

The following Advisory Committees have been circulated:

Local Architectural Conservation Advisory Committee (LACAC)
Ottawa Forests and Greenspace Advisory Committee (OFGAC)
Environmental Advisory Committee (EAC)
Parks and Recreation Advisory Committee (PRAC)
Roads and Cycling Advisory Committee (RCAC)
Pedestrian and Transit Advisory Committee (PTAC)
Rural Issues Advisory Committee (RIAC)

HOUSING FIRST POLICY

Section 2.5.2 of the Official Plan directs the City to make land available for affordable housing and give priority for the sale or lease of surplus City-owned property for this purpose.

The subject property is zoned IL which does not permit residential uses. Therefore, in accordance with the Housing First Policy, no funds from this transaction will be credited to the Housing Reserve Fund.

COMMENTS BY THE WARD COUNCILLOR

Ward 10, Gloucester Southgate – Schedule 8b of the Ottawa Pedestrian Plan proposes a pathway connecting the Ottawa Business Park with the Hawthorne Business Park. It is therefore important to ensure that corridor land, shown as Parcels 2 and 3 on Document 1 of the report, be protected within the purchase agreement for purposes of future Business Park pathway connectivity as per the Ottawa Pedestrian Plan.

I concur with the sale of 1021 Thomas Spratt Place as outlined in the report and request that the City continue its negotiations with CN Rail for a crossing of its rail corridor for a future pathway connecting the Ottawa and Hawthorne Business Parks

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications resulting from the recommendations in this report.

FINANCIAL IMPLICATIONS

Proceeds of the sale will be credited to the Sale of Surplus Lands account.

ACCESSIBILITY IMPACTS

There are no accessibility impacts resulting from the recommendations in this report.

ENVIRONMENTAL IMPLICATIONS

The Land Use and Natural Systems unit does not object to the proposed sale.

The subject property is not identified as part of the City's Greenspace Network in the Greenspace Master Plan. Aerial photography and available natural heritage information

sources do not suggest that the property contains any significant features of the natural heritage system or that it performs any significant ecological functions. However, it is possible that the butternut, a provincially and federally endangered species of tree that is nevertheless still widely distributed in the City, may be present.

The property lies within the urban boundary and will become subject to the Urban Tree Conservation By-law once it leaves the City's ownership. Any butternut trees on or adjacent to the property could be subject to protection under the regulations of the provincial *Endangered Species Act, 2007*. The new owners should therefore undertake the necessary steps, in consultation with the Ministry of Natural Resources, to ensure that any butternut on or adjacent to the site are identified and assessed prior to undertaking any activities that might harm or destroy trees.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

TERM OF COUNCIL PRIORITIES

The recommendations of this report support City Council's strategic priorities: Healthy and Caring Communities (HC) and its objective HC2 to improve parks and recreation; and Financial Responsibility (FS) and its objective FS2 to maintain and enhance the City's financial position.

SUPPORTING DOCUMENTATION

Document 1 – Property sketch for 1021 Thomas Spratt Place

DISPOSITION

1. Following approval, Realty Services Branch and Legal Services Branch will finalize the sale transaction in accordance with the Agreement of Purchase and Sale.
2. Transportation Planning Branch in conjunction with Realty Services Branch will continue negotiations with CN Rail for a crossing of its rail corridor for a future pathway connecting the Ottawa and Hawthorne Business Parks.

DOCUMENT 1

Property sketch for 1021 Thomas Spratt Place

