

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf. 18-96-70033-000
Your File/V/Réf.

DATE 29 October 1996

TO/DEST. Co-ordinator
Corporate Services and Economic Development Committee

FROM/EXP. Planning and Development Approvals Commissioner

SUBJECT/OBJET **SALE OF SURPLUS LAND: CLYDE/MERIVALE**

DEPARTMENTAL RECOMMENDATIONS

That the Corporate Services and Economic Development Committee and Regional Council:

- 1. Approve of the sale of 3.07 acres of land, illustrated as Block 32 on the Draft Plan of Subdivision, to Besner-Vered (1980) Ltd. and London Life Insurance Company for the sum of \$760,000 subject to the terms as outlined in this report;**
- 2. Approve the sale of 87.1 acres of land, illustrated as Blocks 1 to 31 inclusive, Block 33 and Blocks 35 to 38 inclusive together with Streets Number 1 and 2, excluding a one foot reserve along the westerly limit of the property, to Ashcroft Developments Inc., for the sum of \$6,500,000, subject to the terms as outlined in the body of this report;**
- 3. Authorize staff, in partnership with Ashcroft Developments Inc., to negotiate a water line easement across the Assaly site to Clyde Avenue and a cost recovery agreement for servicing costs with the owner of the Assaly lands and upon successful completion, convey the one foot reserve to Ashcroft Developments Inc. in accordance with the agreement of purchase and sale, for the sum of One (\$1) Dollar;**
- 4. Approve the expenditure of funds required to complete a water connection to Baseline Road, should this connection be required, and completion of the required environmental clean up in accordance with the terms of the sale to Ashcroft Developments Inc., as detailed in this report.**

BACKGROUND

On July 8th, 1987, Regional Council approved the purchase of approximately 91 acres of vacant land on the west side Merivale Road north of Baseline Road, formerly part of the Central Experimental Farm. The lands are legally known as part of Lot M and Part of the North and South Halves of Lot N, Concession A, Rideau Front, City of Ottawa. When the site was acquired from Public Works Canada it was recognized as a possible location for a multilevel care campus. This would include various uses such as a Long Term Care and related health care facilities. The purchase price was \$12,374,000.

A planning process was initiated resulting in an approved Draft Plan of Subdivision in 1992. The plan provided for a combination of uses on the site including low, medium, and high density residential development including alternative standards housing. Portions of the site were designated for commercial, office, retail and open space uses. The zoning designations were intended to be flexible in nature to accommodate a wide range of uses.

In 1993, Block 34 on the Draft Plan (Part 1 on Plan 4R-8544) containing 1.31 acres, was declared surplus to Regional needs and sold to Besner-Vered (1980) Ltd. and London Life Insurance Company, the abutting owner to the south, for the sum of \$491,290. This sale allowed the adjacent landowner to respond to a parking requirement and served to regularize the southern boundary of the Region's land.

As part of the Canada - Ontario Infrastructure Program, funding was obtained to provide the required off-site servicing to facilitate the development of this site and the abutting Assaly lands to the west (3173763 Canada Inc. is the Mortgagee in Possession and the property is being managed by their agent, Amresco Canada, L.P.). The project was substantially completed in 1995.

At its meeting of February 14, 1996 Regional Council declared the balance of the site surplus to Regional needs and in June received a report outlining the proposed marketing strategy. The strategy contained proposals to enter into direct negotiations with Besner-Vered (1980) Ltd. and London Life Insurance Company (represented by "Arnon") for the sale of an additional parcel illustrated as Block 32, containing 3.07 acres of land, shown as Part 1 on reference plan 4R-12322, and to initiate a Request for Proposals on the remaining 87.1 acres. Both processes were initiated immediately thereafter.

OUTSTANDING ISSUES:

Environmental:

An independent consultant, John D. Paterson & Associates completed an Environmental Site Characterization report on July 11, 1994. Historical research revealed that Agriculture Canada purchased the property in 1940. The property was used for poultry research and for public allotment gardens. An area of approximately 0.62 acres located within the central portion of the subject site, was used as a waste site for the disposal of tree stumps and construction debris from

1951 to 1959, and laboratory wastes from 1959 and 1972. In order for development to proceed, some of the material will have to be removed.

Water Connection to Clyde Avenue:

Development plans for the Region's land requires the installation of a water line between Merivale Road and Clyde Avenue. Attempts to secure an easement for the water line from Amresco have not been successful yet. As a result of works completed by the Region in 1995, an engineering solution to the water issue is available. This allows the Region's lands to have the water connection, needed for development, via Baseline and Merivale at an estimated cost of \$350,000.

Proposed Cost Sharing and Recovery Agreement:

Regional staff entered into negotiations with Amresco in December 1995 in an attempt to secure a cost sharing and recovery agreement for the Clyde/Merivale lands. Issues to be resolved included the recovery of a proportionate share of external servicing, securing an easement for a water line connection, and onsite cost sharing requirements. Those issues remain outstanding.

SALE OF BLOCK 32:

The existing Arnon property consists of a large commercial office development (Meriline Court) fronting on Baseline Road extending from Merivale Road westerly almost to Clyde Avenue. The site is improved with approximately 807,000 square feet of commercial space currently under lease to Nortel. Regional staff were approached by Arnon in response to their tenant's critical need for additional employee parking. Given the size of the development, Arnon was anxious to satisfy their tenant's needs. Under the circumstances, Regional Council acknowledged the need to consider those requirements and directed staff to enter into negotiations with Arnon for the sale of Block 32.

An independent appraisal report was commissioned to estimate the value of Block 32 as a stand alone viable commercial parcel. On the basis of that appraisal, negotiations have been concluded with Besner-Vered (1980) Ltd. and London Life Insurance Company for the sale of Block 32, for the sum of \$760,000 subject to site plan approval for the proposed use (tenant parking). This offer is considered fair and reasonable and is recommended for approval.

SALE OF THE BALANCE OF THE LANDS:

Process:

Advertising of the property was initiated in June and proposals were received until July 22, 1996. A bidders' meeting was held on July 15th where participants were provided with information on planning matters, servicing issues, financing and process. Attendees were free to ask questions of Regional representatives from Property Services, Environmental Services and Transportation Divisions, as well as representatives of the Region's engineering and planning consultants, Cumming Cockburn Limited.

The process was designed to be responsive and flexible, to address the needs of both the Region and potential purchasers. The various conditions contained in the offers were expected to significantly reduce the face value of the proposals.

Evaluation Team:

In order to assist in ensuring the most objective analysis possible and to provide the necessary financial expertise, the Region's external auditors, Ernst & Young, were retained to participate with Property Services Division staff in the evaluation process. Details of the offers received and any subsequent discussions with bidders, were handled in confidence by the evaluation team.

Phase 1 :

The response to the Request for Proposal, resulted in seven submissions. One submission was rejected for late delivery and failing to provide most of the information required. Interviews were held with the six remaining bidders. One withdrew while two more were dropped from further consideration on the basis of price submitted.

Phase 2 :

Meetings were held with the remaining three bidders, to confirm that their proposals would be considered further. Additional information was exchanged and the bidders were invited to submit formal offers by September 4th, 1996.

On September 5th, 1996, offers were opened and reviewed by the evaluation team. Staff met with each of the three bidders to review the offers and to discuss, clarify and revise, where necessary, the terms and conditions contained in the proposals. The offers were reviewed by the Legal Department for format and content. Based on the evaluation team's review, a high bid was identified by the team and discussions to finalize an agreement were conducted.

FINAL AGREEMENT:

The most attractive offer received was submitted by Ashcroft Developments Inc., of the City of Nepean. The terms of the offer are as follows:

- | | |
|----------------------------|---|
| 1. Purchase Price: | \$6,500,000 |
| 2. Closing Date: | January 30, 1997 |
| 3. Environmental Clean Up: | To be completed by Purchaser at the expense of RMOC. (See below) |
| 4. Water Hook Up Cost: | Potential Cost to RMOC (See below) |
| 5. Off Site Costs: | To be negotiated in conjunction with water line easement. (See below) |

Environmental Clean Up:

The recommended Agreement of Purchase and Sale includes a provision for the purchaser to undertake the necessary cleanup between the acceptance and closing dates. The work undertaken by the purchaser will be monitored by staff. The costs incurred in completing the cleanup will be deducted from the purchase price of the lands on closing. The estimated clean up cost is \$200,000. The Purchaser will obtain three (3) estimates for the work and approval of the successful contractor will be confirmed by Regional staff.

Water Connection:

The site currently has sufficient water capacity to allow development of approximately 140 residential units. Additional capacity will be required for further development. This can be done through either crossing the Assaly lands to Clyde Avenue or connecting via Baseline and Merivale Roads. The two water line options involves three scenarios as described as follows:

- Agreement is reached with the owner of the Assaly lands allowing an easement across their lands; *or*
- Ashcroft Developments has the option within a period of six (6) months from the date of acceptance, to pay the Region monies owing for the offsite costs and assume responsibility for the installation of the required watermain; *or*
- The Region installs the Baseline/Merivale connection at a cost from \$350,000. The Region will retain a one foot reserve to recover this amount from the owner of the Assaly lands.

Our preferred option would be the first one however, that will be subject to further negotiations.

Off Site Costs:

Staff were discussing the off site servicing cost contribution with Amresco prior to initiating the disposal process. Regional staff will participate with the new purchasers in negotiating a final agreement with Amresco to satisfy the needs of the three parties.

Recommendation:

The offer submitted by Ashcroft Developments Inc. is considered fair and reasonable and is recommended for approval.

PUBLIC CONSULTATION:

Public consultation meetings have been conducted in connection with the Official Plan Amendment and rezoning of this property. In addition, the disposal process for these lands involved additional public exposure through the marketing process. This process included advertisements in local, provincial and national newspapers as well as signage on the property and direct notification of parties that had identified an interest in the property.

FINANCIAL COMMENT

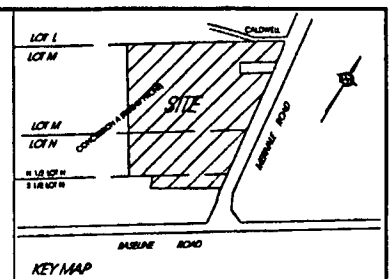
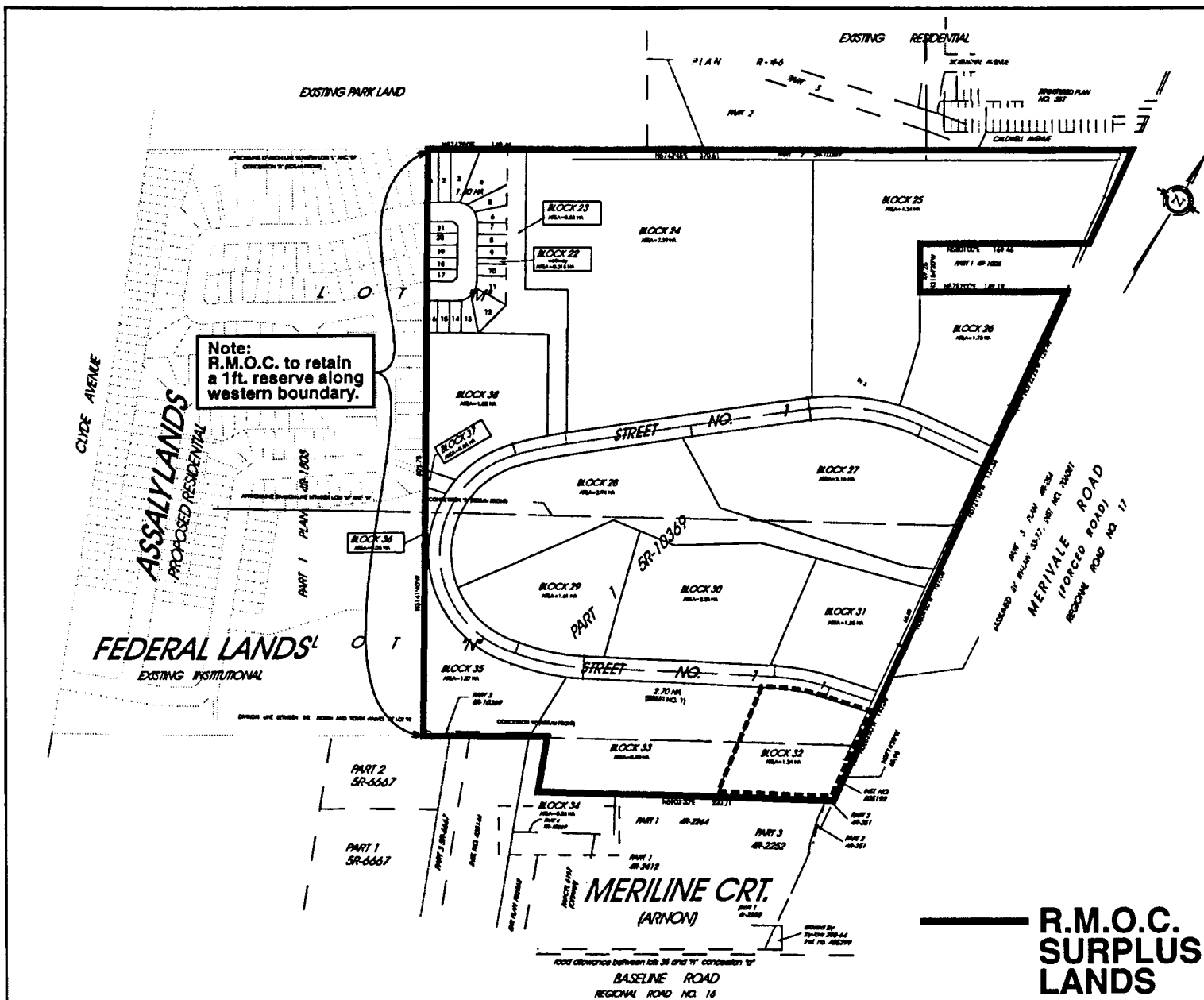
The disposal of this property will represent a significant revenue to the Corporation from both the sale proceeds, and the future Regional Development Charges. As well, it will create revenue from realty taxes and will generate employment opportunities. It will also allow the Region to realize the benefit from the expenditure of the Canada Ontario Infrastructure Funding.

*Approved by
Rob Ennor, on behalf of
Nick Tunnacliffe, MCIP, MRPP*

FINANCE DEPARTMENT COMMENT

Should Corporate Services and Economic Development Committee and Council approve the departmental recommendations, the proceeds from the sale of the surplus property of \$7,360,000 less the estimated cleanup costs of \$200,000 will be credited to account number 911-19901, Proposed Senior's Complex.

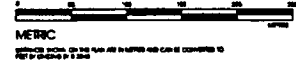
*Approved by T. Fedec
on behalf of the Finance Commissioner*



KEY MAP
TOTAL SITE AREA = 37.02 HA
NO PLAN COPIES FILED IN 1992

DRAFT PLAN OF
SUBDIVISION OF
PART OF LOT 14M
AND
PART OF THE NORTH AND SOUTH HALVES
OF LOT 11M
CONCESSION 'A' (RIDEAU FRONT)
regional municipality of
Ottawa-Corleton
PREPARED BY D.A. SIMMONDS OLS
1992

SCALE = 1:2000



SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THE DIMENSIONS OF THE SUBJECT LANDS AND THEIR RELATIONSHIP TO ADJOINING LANDS HAVE BEEN ACCURATELY AND CORRECTLY MEASURED.

DATED: 3.A. SIMMONDS
CHIEF SURVEYOR

OWNERS AUTHORIZATION

I HEREBY AUTHORIZE THE DRAFT PLAN OF SUBDIVISION TO BE SUBMITTED FOR APPROVAL.

DATE: _____

**R.M.O.C.
SURPLUS
LANDS**

FROM THE OFFICE OF
**WEBSTER & SIMMONDS
SURVEYING LTD.**
1417-C CYNVILLE ROAD, SUITE 201
GLOUCESTER, ONTARIO K1B 3L7
TELEPHONE (613) 744-6477 FAX (613) 744-6735