

Town of Riverview

COUNCIL REPORT FORM



Presented to: Mayor and Town Council

Presented by: Colin Smith, CAO

Date: September 10, 2018

Subject: Land Acquisition

BACKGROUND

The Town is in a position that it needs to acquire the parking lot at 379 Coverdale Road. (PID 006566306) The Town has been leasing that land, through an agreed upon licence agreement, from Imperial Oil for a number of years. That land has functioned as a parking lot for the Chocolate River Station and access to the Riverfront Park. To continue to ensure that the businesses that operate out of the CRS have access to a parking lot for their customers the Town needs to acquire this property.

Once Imperial Oil completed its environmental remediation work on that site last year and received a signed off Environment Condition Report from the Province of New Brunswick, they made it clear they wanted to proceed with selling the property. Imperial Oil indicated that the purchase and sale process outlined in the license agreement would need to be followed. They would not agree to simply enter into a purchase and sale agreement with the Town, they required that their process be followed.

The sale process that the Town agreed to in our current license arrangement with Imperial Oil states that Imperial get to determine the market price for the property and if we don't agree to it within 30 days, they are able to sell the property to whoever they would like. Imperial Oil has also indicated to the Town that it has received an unsolicited expression of interest for their property and that offer was in line with the market value they had placed on the property. The Town had no way of knowing if the expression of interest was a legitimate offer or not.

At a closed session on June 11, 2018, Council gave staff direction to request that Imperial Oil initiate their purchase and sale process, as per the license agreement, and attempt to see if there were any negotiation on price for the property. Imperial Oil was clear that there would be no negotiation on price. The Town would have to agree to the price established by Imperial Oil. Imperial Oil established the market value for the property in the purchase and sale agreement as \$350,000.

While the general opinion of staff and others involved in the real estate industry was the market value was high, the Town did go ahead and get its own market appraisal completed. That appraisal indicated that the market value for that land was in line with the price Imperial Oil was seeking.

CONSIDERATIONS

Legal: contract would need to be signed. The purchase and sale agreement includes all the traditional conditions. The only item of note for Council is that the agreement requires that if future environmental issues are identified on the site, that Imperial Oil is not liable. This is a standard requirement when Imperial Oil sells their properties.

Financial: **At this time the designate source of funds for the purchase would be the Town's capital reserve. If Capital reserve funds are used Council will need to approve that transfer before the end of the year. Staff will evaluate year end results to determine if this purchase can be managed in part or all within the General Operating Budget.**

Policy: Strategic Land Management

Stakeholders:

Council, residents, tenants in building

Strategic Plan:

- **Planning for the Future** "implement an annual land and facilities assessment process to enable selling opportunities of surplus properties. (i.e. Fundy Chocolate River Station; RCMP building, unused land, etc.) *The addition of the parking lot would be seen as an additional property that could be sold if the right opportunity presents itself to the Town.*
- **Smart and Sustainable Growth**

Interdepartmental Consultation: n/a

Communication Plan: n/a

RECOMMENDATION

That Town Council approve the purchase price of \$350,000 (plus HST) for 379 Coverdale Road (PID 006566306) from Imperial Oil, and accept the terms and conditions of the purchase and sale agreement. Council further direct staff to work with Imperial Oil and the legal representatives to formally close this transaction as soon as possible.