

Town of Riverview

COUNCIL REPORT FORM



Presented to: Mayor and Town Council

Presented by: Colin Smith, CAO

Date: November 13, 2018

Subject: Land Disposal

BACKGROUND

The Town's Strategic Plan does provide Staff direction to explore options to dispose of surplus municipal properties and facilities that are no longer serving a municipal purpose. The Strategic Plan noted in particular the Fundy Chocolate River Station and the RCMP Station on Pine Glen Road as examples.

On May 14, 2018, Council approved the appointment of Colliers International to provide Commercial Real Estate services to the Town. One of the benefits of engaging a national brokerage are the extensive networks and relationships that they bring to the table and in this case, Colliers moved quickly and brought an unsolicited offer on the RCMP station forward from the Spataro Holdings.

In May 2018, Council, in a closed session, gave the Mayor and Town Clerk authorization to sign the necessary paperwork to complete the transaction and allow the due diligence process to be completed. The due diligence process has taken an extended period of time, mainly due to the security clearance process the potential owner had to go through with the RCMP. During the due diligence process the potential purchaser identified a number of building conditions that it felt needed to be addressed. Therefore, the organization amended its offer to reflect the implication of that construction and maintenance work. The amend offer of \$774,547.50 for this property was still within the negotiation range previously endorsed by Council.

The remaining condition on this transaction is that the Town has been asked to complete some maintenance work on the facility to the satisfaction of the purchaser. That work is currently being executed and is expected to be completed in advance of the closing date.

The Town was aware that this property would need capital investment in the next few years due to the age of this facility, therefore if this transaction does not go through those construction costs that have been identified by the purchaser will have to be addressed by the Town shortly. Selling the property allows the Town to avoid investing capital dollars in a property that is not currently providing services to our residents.

Spartaro Holdings, is a local business that has significant investments in Riverview and Greater Moncton. An additional investment on their part in Riverview is positive for the Town.

The value of disposing of this property is that it will bring an estimated \$20,000 to \$25, 000 in additional commercial property taxes to the Town of Riverview, while today the Town's current provincial property tax bill for this property is \$28,900. And on a more significant note, the Town avoids the unknown capital costs to upgrade and maintain that facility.

CONSIDERATIONS

Legal: Once all conditions of the Purchase and Sale Agreement have been met this transaction will close on November 15.

Financial: Staff recommendation is that the net proceeds from this sale (after using a portion of the income to cover the purchase of the parking lot at the Chocolate River Station) should be allocated to the Town's capital reserve.

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.) **Smart and Sustainable Growth**

Interdepartmental Consultation: n/a

Communication Plan: n/a

RECOMMENDATION

That Town Council approve the sale of 461 Pine Glen Road for \$774,547.50 to Spartaro Holdings Inc. and give staff direction, including authorizing the Mayor and Town Clerk to sign all necessary legal documentation to finalize all remaining actions to ensure the transaction can be closed on November 15 2018. The proceeds of the sale will be transferred to the Town's Capital Reserve.