



# City of Moose Jaw

**COMMUNICATION # CC-2019-0101**

**TITLE:** Carpere Moose Jaw Agreements

**TO:** City Council

**FROM:** City Manager  
Planning and Development Services Department

**DATE:** July 3, 2019

**PUBLIC:** Public Document.

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## **RECOMMENDATION**

THAT the City Clerk and Mayor be authorized to execute the Purchase Agreement and Master Development Agreement for both the Industrial and Residential Lands substantially in the form as attached hereto as Attachment i; and further

THAT the City Clerk and Mayor be authorized to execute the Servicing Agreement for both the Industrial and Residential Lands upon review by the City Solicitor.

## **TOPIC AND PURPOSE**

The purpose of this report is to present to Council the Purchasing Agreement, Master Development Agreement and Servicing Agreement for approximately 716 acres of industrial lands and approximately 64 acres of residential lands that has been negotiated to date with Carpere Moose Jaw Industrial Park Corp. and Carpere Valley Development Corp. (collectively, "Carpere").

## **BACKGROUND**

At the regular meeting of City Council held on May 13, 2019, City Council considered the report entitled Offer to Purchase Land for Industrial Development (Communication #31) (attached as Schedule "C" to this report) dated April 30, 2019 and adopted the following motion:

*"THAT City Administration be authorized to draft a Purchase and Development Agreement with Carpere Canada for the purchase of approximately 780 acres of South East Industrial Park lands for industrial development, for the sum of \$10,000 per acre; and further*

*"THAT the Development Levies be established at \$49,600 per acre and be held at this price for a 10-year period."*

## **DISCUSSION**

City Administration has been diligently working with Carpere on the development and negotiation of the various agreements attached to this report. The City has met short turnaround timelines and have used creative and innovative thinking to develop the agreements, which are believed to be fair for all parties, including other developers in the vicinity. It is a major accomplishment to have the costs to service industrial and residential lands largely borne by the developers, with minimal financial input by the City. Below is a brief description of the agreements negotiated to date.

At the request of Carpere, the lands were divided into the industrial portion, which consists of approximately 716 acres (the "Industrial Lands") and the residential portion, which consists of approximately 64 acres (the "Residential Lands") (collectively, the "Lands"). A Purchasing Agreement, Master Development Agreement and Servicing Agreement were developed for both the Industrial Lands and Residential Lands.

The purpose of a Purchase Agreement is to sell the lands and provide for details of the sale. The purchase price is based upon \$10,000 per acre as was presented in the Offer to Purchase ("OTP") dated March 26, 2019. The closing date on both the Industrial and Residential Lands is October 31, 2019.

The Master Development Agreement ("MDA") dictates the development requirements of the Lands through various milestones. As indicated in the OTP, the Development Levy fee for the Lands are maintained at the current rate of \$49,600 for a period of ten (10) years. A bylaw will need to be created and passed to permit for this exception from the current Development Levy Bylaw.

The milestones provide a trigger for the City to exercise the Option to Re-Purchase (the "Option", which was provided in the OTP. The Option consists of the City purchasing the undeveloped portions of the lands where a Servicing Agreement has not been initiated. The re-purchase price is \$10,000/ acre for a 10-year period. Following that 10-year period, the Option will still be available the price would be at fair market value.

The form of Servicing Agreement will be used when Carpere proceeds to develop an area of the Lands. As the document is a form of Servicing Agreement, depending on the amount of infrastructure needed, the Agreement would be filled out to meet City development requirements for the specific phase.

The timeline for completion of work as contemplated under a Servicing Agreement would be that the Work commence within 12 months of execution of the Agreement and complete within 24 months. The warranty period for this any Work is 1 year and the security for performance is 10% of the cost of the work.

## **OPTIONS TO RECOMMENDATION**

- Reject the Agreements in the substantial form as attached.

## **OFFICIAL COMMUNITY PLAN**

The Agreements are in line with the OCP Implementation strategies.

## **BYLAW OR POLICY IMPLICATIONS**

Fixing the Development Levy Fee to \$49,600 for a period of ten (10) years is outside the provisions of Bylaw No. 5568, Development Levy Bylaw 2018. As such, a bylaw permitting this deviation from the Development Levy Bylaw will be brought forward in conjunction with this report to a regular meeting of City Council.

## **FINANCIAL IMPLICATIONS**

- Land sale in the amount of \$7,160,000
- Development Levy Fee on the Gross Acres of approximately 780 acres at \$49,600.00 per acre (if developed in the next 10 years) equates to \$38,688,000
- Municipal Taxation Industrial Lands (based on 2019 rates) – \$259,235.38
- Municipal Taxation Residential Lands (based on 2019 rates) - \$14,918.11
- Less: Title Consolidation costs of approximately \$30,000
- Less: Environmental Surveys – Phase 1 - \$ 6,800
- Less: Environmental Surveys – worse case amount - Phase 2 - \$ 124,000
- Less: Lease Revenue Lost (based on 2019 rates) – \$101,784.78
- Net Benefit to the City is approximately \$45,845,906.71

## **PUBLIC NOTICE**

Public Notice pursuant to the Public Notice Policy as incorporated into the City Administration Bylaw No. 5175 of 2016 is not required.

## **PRESENTATION**

VERBAL: X

## **ATTACHMENTS**

- i. Purchase Agreement and Master Development Agreement for both Industrial Lands and Residential Lands
- ii. Servicing Agreement for both Industrial Lands and Residential Lands
- iii. Communication #31 - Report Dated April 30, 2019 from the Manager of Economic Development to City Council.

## **Report Approval**

Written by: Katelyn Soltys, Assistant City Solicitor

Approved by: Michelle Sanson, Director of Planning & Development

Approved by: Jim Puffalt, City Manager

Approved by: Fraser Tolmie, Mayor

*To be completed by the Clerk's Department only.*

Presented to Regular Council or Executive Committee on \_\_\_\_\_.

No. \_\_\_\_\_ Resolution No. \_\_\_\_\_