



RPT 20-365

TITLE: Sale of Tax Title Land - Tender No. 32/20 - 67 - 13th Street East (Quality Inn)

DATE: **August 27, 2020**

TO: City Council - Special

PUBLIC: X

INCAMERA:

RECOMMENDATIONS:

1. That Tender No. 32/20 – Bid Offer to Purchase – Sale of Tax Title Land for the property located at 67 – 13th Street East be awarded to Cumberland Crossing in the total amount of \$900,000, including Goods and Services Tax (GST).
2. That payment be received from Cumberland Crossing in the total amount of \$857,142.86; and, that the Buyer self-assess for the Goods and Services Tax (GST).
3. That the Mayor and City Clerk be authorized to execute the Sale Agreement with Cumberland Crossing on behalf of the City, and any other necessary documents.
4. That Transfer Authorization be finalized upon execution of the Sale Agreement by all parties.

TOPIC & PURPOSE:

To award Tender No. 32/20 – Bid Offer to Purchase – Sale of Tax Title Land for the property located at 67 – 13th Street East to Cumberland Crossing in the total amount of \$900,000, including Goods and Services Tax (GST).

BACKGROUND:

The City of Prince Albert took possession of the building located at 67 – 13th Street East, known as the Quality Inn Hotel on July 15, 2020. Since that date, the City has been maintaining the site along with payments for Sask Power, Sask Energy, commissioners checks, cleaning, and other applicable costs associated to keep the building maintained.

The City issued the attached Tender No. 32/20 to seek Bid Offers for the purchase of Tax Title Land located at 67 -13th Street East.

The property is zoned C-1 Downtown Commercial and is fully serviced at 1.63 acres (building and parking lot). The Tender identified sold “as is/where is”. Bid offers to purchase closed on Thursday, August 27, 2020 at 2:30 p.m.

PROPOSED APPROACH AND RATIONALE:

A summary of the bid offers received for the purchase of the tax title land are as follows:

BIDDER	TOTAL
Cumberland Crossing	\$900,000.00 <i>(including Goods and Services Tax (GST))</i>
Christopherson Industrial	\$500,000.00
Company to be incorporated	\$400,000.00
Property Developer One Ltd.	\$150,000.00
MAK Homes Ltd.	\$100,000.00
OJA Holdings	\$75,000.00 <i>(including Goods and Services Tax (GST))</i>
Co. to be Corporated Hitesh Patel	\$1,100,000.00 ** see Note below

Note: Their bid price was \$1,100,000, however conditional on three (3) year lease option to buy with \$100,000 down payment.

The highest bid submitted with no conditions was provided by Cumberland Crossing.

The highest bidder has advised Administration that the business model will ensure maximum occupancy rate for the facility. The development of Cumberland Crossing is an innovative and multi-faceted solution to Prince Albert's current lack of affordable student housing, medical accommodations and childcare. The synopsis of Cumberland Crossing Project will provide affordable student housing and accommodations for families with sick or dying loved ones in hospital care. As well, the following essential services will be provided at the new facility:

- Fully functional restaurant for students and guests to purchase meals which will also be open to the Public
- Public daycare facility with priority to the students
- Ballroom with capacity for 200+ guests
- 3 – 5 separate meeting rooms with capacity from 12-100 persons
- Catering business with in-house and off-site catering services
- Medical taxi for transporting guests to and from the hospital/medical facility/airport
- Laundry service for student residents who wish to utilize our facilities
- Cleaning service for student residents
- 24-hour security
- Community kitchen for students/guests to prepare meals
- Games room
- Computer/study room
- Safe and secure environment to reside for young females and single parents
- Alcohol free facility

The proposed synopsis for Cumberland Crossing for the Quality Inn Hotel is an exciting endeavor and goal to merge affordable student housing with medical accommodations. The transformation of an abandoned hotel to a new student housing complex along with so many essential services will revitalize the downtown core and provide the facility with a fresh new look and will bring people downtown.

Prince Albert is home to several post-secondary institutions including the First Nations University of Canada, Saskatchewan Indian Institute of Technologies, Sask Polytechnic, Gabriel Dumont Institute and the University of Saskatchewan Campus. The biggest obstacles for students in completing their studies are childcare, transportation and affordable housing. The Cumberland Crossing Project will convert roughly 40% of the 93 rooms into affordable student housing units with a subsidized daycare facility on-site. The concept brings excitement to our community for such a project to enhance the downtown.

CONSULTATIONS:

The City of Prince Albert published the tender on Sask Tenders on July 16, 2020.

Following the closing date of August 27, 2020 at 2:30 p.m., Administration reviewed the bids received for the purchase of the tax title land which are illustrated above.

COMMUNICATION AND/OR ANNOUNCEMENT PLAN:

Once City Council awards the sale of the tax title land for the property located at 67 – 13th Street East, Administration will undertake the following:

1. Advise the awarded purchaser and the City determination of the successful tender is final.
2. Finalize the sale agreement along with receipt of full payment and prorated property taxes
3. The City Solicitor will approve the final sale agreement to be executed. Attached is the draft of the sale agreement attached to the Tender document.
4. Transfer Authorization will be provided once Agreement is signed and sealed by the City.

POLICY IMPLICATIONS:

The City's Administration Bylaw states the following:

Land Transactions

14. The City Manager shall have the authority to:

(4) Authorize the sale of a City Lot or combination of lots forming a parcel for residential purposes only, which aggregate value does not exceed \$100,000, and direct the Mayor and City Clerk to execute any necessary Agreement(s) and Transfer Authorization(s).

The sale of the Tax Title Land exceeds the City Manager's authority of \$100,000, as such, City Council is required to consider the sale of the Tax Title Land.

FINANCIAL IMPLICATIONS:

The total amount owing for the Tax Title Land located at 67 – 13th Street East is as follows:

Public School Support	\$11,401.94
Separate School Support	\$45,877.37
Business Improvement District	\$16,425.04
Base Tax, Roadways, etc.	\$733,500.54
Costs incurred by finance such as ISC, administrative costs, etc.	\$9,153.00
Total Costs	\$816,357.89
repairs, security, power, energy, cleaning, etc.	\$70,786.56
TOTAL AMOUNT OWING FOR TAX TITLE LAND	\$887,144.45

This report is recommending awarding the sale of the Tax Title Land located at 67 – 13th Street East to Cumberland Crossing in the total amount of \$900,000, including Goods and Services Tax (GST) with building sold as is/where is.

If you deduct the amount of Goods and Services Tax (GST), the City will be receiving \$857,142.86 in revenue for the sale of the Tax Title Land.

In comparison to the total amount owing for the Tax Title Land, the loss is as follows:

Total Amount Owing - Tax Title Land	\$887,144.45
Sale of the Tax Title Land	(\$857,142.86)
Loss	\$30,001.59

The amount being received for the sale of the Tax Title Land will cover all outstanding taxes owing and arrears. That is a positive win for the City.

The above current costs of the City to maintain the Quality Inn Hotel is based on invoices paid to date.

OPTIONS TO RECOMMENDATION:

Award the Tender to Co. to be Corporated. Their bid price was \$1,100,000, however conditional on three (3) year lease option to buy with \$100,000 down payment. This option is not being recommended as what happens if the company leaves the lease and the City loses the sale. This option does not automatically get full payment of the bid offer received at this time to pay off the outstanding tax arrears owing to the City.

OTHER CONSIDERATIONS/IMPLICATIONS:

There are no privacy implications at this time as the Tender is being awarded to the highest bid for the immediate purchase of the tax title land.

STRATEGIC PLAN:

The report addresses the Strategic Goals and Fiscal Management and Accountability specifically to the sale of tax title land and outstanding tax arrears.

OFFICIAL COMMUNITY PLAN:

The report addresses the following:

Goals and Policy:

- Appropriately balance revenue limitations with expenditures and investments to meet community needs over the long-term.
- Manage and acquire City owned lands consistent with the Land Acquisition and Assembly Strategy.

PUBLIC NOTICE:

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

PRESENTATION: None

ATTACHMENTS:

1. Tender No. 32/20 – Tender Bid Results.
2. Tender No. 32/20 – Bid Offer to Purchase – Sale of Tax Title Land for the property located at 67 – 13th Street East.
3. Tender No. 32/20 – Addendum #1 – Revised Closing Date to August 27, 2020.

Written by: Jim Toye, City Manager

Approved by: City Manager