

## CITY-OWNED RESEARCH PARK BUILDINGS

### Competitive Public Offering Update

#### RECOMMENDATION

1. That Administration negotiate formal sales agreements for the sale of the Advanced Technology Centre and Research Centre One, as set out in Attachment 2 of the March 23, 2022, Financial and Corporate Services report FCS00737, and that the agreements be in form and content acceptable to the City Manager.
2. That Attachment 2 of the March 23, 2022, Financial and Corporate Services report FCS00737 remain private pursuant to sections 16 (disclosure harmful to business interests of a third party), 24 (advice from officials) and 25 (disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*.

#### Report Purpose

##### **Executive Committee decision required.**

Executive Committee is being asked to approve Administration proceeding with negotiating the sale of the identified Edmonton Research Park buildings to contribute to the City of Edmonton's resilient financial position, contributing to long term service delivery goals.

#### Previous Council/Committee Action

At the July 5, 2021, City Council meeting, the following motion passed:

That Administration proceed with Option 2, as outlined in the June 28, 2021, Financial and Corporate Services report FCS00541, and return to Committee with the results of the public offering and recommendations prior to entering into a formal sales agreement.

#### Executive Summary

- Administration publicly listed the sale of two City-owned Edmonton Research Park properties, Research Centre One (RC1) and the Advanced Technology Centre (ATC) (Attachment 1), through a competitive public offering process listed at market value; the submissions were evaluated using criteria that considered alignment with The City Plan, the intent of the Edmonton Research Park and revenue generation.

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- The results of the offering must remain private to not negatively prejudice future negotiation and to prevent public disclosure of submission details that could be harmful to the applicants (Attachment 2).

### REPORT

At the July 5, 2021, City Council meeting, Administration was directed to proceed with Option 2 of the Financial and Corporate Services report FCS00541, Future Use of Research Park Buildings, to publicly offer two City-owned Edmonton Research Park properties, Research Centre One (RC1) and the Advanced Technology Centre (ATC), for sale through a competitive process. Submissions were assessed based on criteria evaluating contributions to Edmonton Research Park objectives, revenue generation and city-building outcomes. Part of the justification in selling the properties in their current state is so that the City will not incur further building renewal costs. Administration publicly listed the properties and received offers from October 29 to December 17, 2021.

### Property Offering Process

The City asked interested buyers to submit a completed submission package before December 17, 2021, to be considered for the sale of RC1 and ATC. The submission package included five topics related to the evaluation criteria:

- **Mandatory Criteria:** The proposal must conform to the Edmonton Research Park Development Standards and Design Guidelines Restrictive Covenant
- **Real Estate:** Proposed purchase price and transaction terms and conditions
- **Planning and Use:** How well does the proposal fit with the original intent of the Edmonton Research Park? What are the future plans for the property (including the plan for existing tenants)?
- **Alignment with City goals:** Does the proposal align with and contribute to city-building initiatives and strategic goals?
- **Proposal Feasibility:** Does the buyer have the necessary experience to achieve their proposal? Is the proposal reasonable?

During October 29 to December 17, 2021, Administration completed 15 walkthroughs for the ATC property and 12 walkthroughs for the RC1 property with interested parties. Administration received approximately 70 inquiries by email and phone, and an additional eight inquiries after the submission deadline.

Administration received four offers to purchase RC1 and seven offers to purchase ATC, and assessed the offers against the five evenly weighted criteria noted above. Administration notified applicants of the evaluation results on February 4, 2022. The results of the property offering and recommended buyers must remain confidential to not negatively prejudice future negotiations. No negotiations with the recommended buyers have taken place before seeking Executive Committee approval.

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## Next Steps

If the recommendation is approved, Administration will commence negotiations with the recommended buyers to sell ATC and RC1. As the sales are within Administration's delegated authority, Executive Committee approval beyond the recommendation in this report is not required.

If negotiations are unsuccessful with the recommended buyers, or if the sale conditions are not met, Administration will negotiate with the applicant that made the next best offer for the applicable property. If the next offer is not within Administration's delegated authority or Executive Committee approval is required under the *Municipal Government Act* (i.e., a below market sale), Administration will seek Executive Committee approval of the sale before entering into a sale agreement.

## Budget/Financial Implications

After conditions of the ATC sale are approved and met, Administration will reallocate approximately \$1.0 million of previously allocated funding for the rehabilitation of ATC to other facility renewal capital projects. The City will also avoid future capital costs of \$30.5 million that would otherwise be required to fund the remainder of the major capital repairs in both buildings (estimated accuracy of -50 to +100 per cent).

After the titles are transferred to a third party, the two properties will become taxable, providing additional property tax revenue and one-time property sales revenue (Attachment 2).

## COMMUNITY INSIGHT

Both ConnectEdmonton and The City Plan were co-created with Edmontonians, and as one of the evaluation criteria is alignment to the City's strategic goals, the perspectives of Edmontonians are considered in Administration's approach. Specific community insights are not available for this report because Administration listed these two properties through a public offering process. Given the sensitive and private nature of negotiations, broad engagement with the public is not conducted for individual sales.

## GBA+

Existing tenants of RC1 and ATC will be impacted by the sale of these properties to varying degrees. When Administration evaluated the offers under the category of Planning and Use, the potential owner's plan for current tenants were considered and evaluated accordingly. Administration periodically updates the tenants on the progress of the sales.

In consideration of applicants with diverse backgrounds and communication abilities, Administration accepted offers of different forms as long as the applicant addressed the submission package questions. Administration followed up with the interested parties where clarification was required on their proposal contents to ensure the evaluations were based on content and not language use or communication style.

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## **ATTACHMENTS**

1. Property Map and Details
2. Public Offering Results (PRIVATE)