

**Subject: Potential Land Sale of Lots 1 - 4, Block 13, Plan 616AO
(Downtown, Fort McMurray)****APPROVALS:****Paul Thorkelsson**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

Council may choose to consider one of the following options outlined below:

Option 1

THAT Administration be directed to transfer Lots 1 - 4, Block 13, Plan 616AO in the downtown area of Fort McMurray (Attachment 1) to SMG Builders, subject to the terms and conditions outlined in Attachment 2.

Option 2

THAT Administration be directed to post Lots 1 - 4, Block 13, Plan 616AO for sale on the public market.

Option 3

THAT the Municipality retain Lots 1 - 4, Block 13, Plan 616AO.

Summary:

The Municipality is the registered owner of the subject property legally described as Lots 1 - 4, Block 13, Plan 616AO, located in downtown, Fort McMurray (Attachment 1).

On July 21, 2022, the Municipality received an unsolicited offer from SMG Builders to purchase Lots 1 - 4 and most of the Lot 5, Block 13, Plan 616AO with interest to develop a six to seven story medical complex. SMG Builders was notified of the unavailability of Lot 5 in its entirety and therefore responded with plans to build two additional stories to offset the land shortage.

Currently, Lots 1 - 3, Block 13, Plan 616AO known as 10025 Franklin Avenue are vacant as the old A&W building was recently demolished. The remaining building currently occupied by Arctic Winter Games as tenant, remains on Lot 4 and a portion of

Lot 5, Block 13, Plan 616AO known as 10019 Franklin Avenue. The tenant will occupy the building until approximately April 30, 2023.

An internal circulation was conducted to all Municipal departments seeking any comments/concerns regarding the land purchase request received from SMG Builders. As a result of the circulation, a concern was raised that the entirety of Lot 5, Block 13, Plan 616AO is required for the design, development, and operation of Kiyām Park. Kiyām Park is directly adjacent to the subject property.

In response to the offer to purchase request, the Municipality retained a qualified and independent appraiser to determine the fair market value of the subject property with and without the existing building.

Background:

The subject property, along with several other properties in the area, were expropriated in 2013 for a proposed and unrealized development project. Lots 1-4, Block 13, Plan 616AO were expropriated at a total value of \$8,087,787. The old A&W building and the building currently being occupied by Arctic Winter Games remained on these lands after expropriation. A&W continued operating their business as a tenant until this past summer when they moved into their new downtown location. Shortly after, the Municipality hired a contractor to demolish the old A&W building.

The remaining building, occupied by Arctic Winter Games which is located mostly on Lot 4, Block 13, Plan 616AO, is at the end of its lifecycle and the cost to bring the building up to current standards would be approximately \$250 to \$300 per square foot or a total of \$1,993,125 to \$2,391,750. Therefore, once Arctic Winter Games have vacated, the Municipality plans to demolish the building.

Budget/Financial Implications:

Legal Address	Lots 1-4, Block 13, Plan 616AO (Land Only)
Book Value	\$8,087,787
Appraised Value	\$935,000
Net Loss	\$7,152,787

A financial loss of \$7,152,787 will be realized by the Municipality as a result of a fair market value sale of the subject property.

Strategic Plan Values:

Local Economy
Downtown Visualization

Attachments:

- 1. Subject Area Map**
- 2. Terms and Conditions - Lots 1-4, Block 13, Plan 616AO**