

Council Chambers
City Hall, Saskatoon, Sask.
Monday, December 20, 2004
at 12:00 noon.

MINUTES OF SPECIAL MEETING OF CITY COUNCIL

PRESENT: His Worship the Mayor, in the Chair;
Councillors Alm, Birkmaier, Dubois, Fortosky, Heidt, Hnatyshyn,
Neault, Paulsen, Penner and Wyant;
City Manager Richards;
General Manager, Corporate Services Veltkamp;
General Manager, Community Services Gauthier
General Manager, Infrastructure Services Uzelman;
General Manager, Fire and Protective Services Bentley;
General Manager, Utility Services Hewitt
City Solicitor Dust;
City Clerk Mann; and
Council Assistant Mitchener.

MATTERS REQUIRING PUBLIC NOTICE

- 1a) **Proposed 20.2-Acre Sale of Industrial Land
Proposed Parcel H, Millar Avenue North of 60th Street
Marquis Industrial Area – IH Heavy Industrial
Prairie Pride Natural Foods Ltd.
(File No. 4215-1)**
-

REPORT OF THE CITY CLERK:

“The following is a report of the General Manager, Community Services Department dated December 13, 2004:

- RECOMMENDATIONS:**
- 1) that City Council approve the direct sale of 20.2 acres of industrial land (proposed Parcel H) to Prairie Pride Natural Foods Ltd. subject to the terms and conditions outlined in this report;
 - 2) that the City Solicitor be requested to prepare the necessary documentation for execution by His Worship the Mayor and the City Clerk;

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- 3) that City Council approve Capital Projects in the amount of \$205,000.00 consisting of street lighting extensions, upgrading of the existing sanitary line along Millar Avenue, the provision of a temporary drainage ditch for storm water purposes and for the provision of utility servicing to the perimeter of the site for natural gas, electrical and telephone; and
- 4) that City Council approve the allocation of \$25,000.00 from the Prepaid Service Reserve and \$180,000.00 from the Property Realized Reserve for the Capital Projects required to complete the servicing of proposed Parcel H.

BACKGROUND

In November 2004, Bruce Arabsky of Prairie Pride Natural Foods Ltd. contacted the Land Branch Manager respecting the availability of a large serviced industrial site to be purchased in the Marquis Industrial Area. Prairie Pride has indicated that it is their objective to establish various facilities in Saskatchewan with a poultry meat processing plant to be established in Saskatoon as the “home-base” of operations. It should be noted that this objective fits well with the joint effort by the Land Branch and SREDA to encourage and attract food processing companies to Saskatoon and in particular to the Marquis Industrial Area. It should be noted as well that Prairie Pride is actively pursuing the establishment of chicken hatchery operations within the Saskatoon Region.

Attached is a copy of a Plan of Proposed Subdivision of lands fronting onto Millar Avenue, north of 60th Street, which will become the site for a proposed new poultry meat processing plant if the sale of the property is approved by City Council. Should the sale be approved along with the approval of capital funding, detailed engineering designs will be completed and projects tendered for commencement in May 2005 and completion of all works by July 30, 2005.

REPORT

Prairie Pride Natural Foods Ltd. is a new wholesale food processing company in Saskatchewan. Prairie Pride will supply fresh and frozen, consumer ready poultry products throughout Canada. The first phase of their project to be completed by September 2005 will involve the construction of a 115,000 square foot building together with the installation of state of the art processing equipment that will be the most modern facility in North America. The second phase planned for 2006 would involve the construction of an additional 52,000 square foot building to add further processing facilities designed for value added manufacturing.

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The proposed new plant would result in the production of packaged product for retail, wholesale, food service and fast-food use in Saskatoon and throughout Saskatchewan and Canada. Products will also be produced for export. While they will have onsite coolers and quick freezers for preparing specific products, they will also be utilizing outside local cold storage facilities. Local rendering facilities will also be utilized. All operations will be fully contained within the building. Attached is a letter dated December 3, 2004, from Mr. Bruce Arabsky of Prairie Pride Natural Foods Ltd., which further describes the proposed new processing plant and other aspects of facility operations.

Total employment projections as indicated by Prairie Pride are as follows:

August 2005 - 15 employees

October 2005 - 120 to 160 employees

Phase II - an additional 80 to 100 employees

Your Administration has been working with SREDA over the past several years to develop a cluster of new food processing facilities in the Marquis Industrial Area north of 60th Street which is zoned IH – Heavy Industrial. To date, this combined effort has resulted in the attraction of Centennial Foods and Westco Storage to this area. This initiative is part of the overall strategy to strengthen and diversify the City's economy particularly in regards to the expansion of value added food processing industries.

Prairie Pride has accepted the offer for sale made by the Land Branch Manager, which is subject to Council's approval. Their acceptance of this offer was subject to acceptance of a five year, 100 percent year-over-year tax abatement. The subject 20.2-acre site is situated within the Marquis Industrial Area fronting onto Millar Avenue north of 60th Street. The site is situated within an area zoned IH – Heavy Industrial. Before finalizing an offer to Prairie Pride, the Land Branch Manager contacted Standard Machine and submitted for their consideration an offer to purchase an additional 30 metres of land fronting onto Millar Avenue north of their present facilities. This was undertaken in recognition of a previous request by Standard Machine to possibly acquire additional land to the north of their present site. The offer was declined.

The direct sale of this property complies with the City's Sale of Serviced City-Owned Lands Policy (C09-033). Section 3.2 of this policy states as follows:

“3.2 The Administration may pursue or entertain direct sale or long term leases under the City's Industrial Land Incentives Program of civic lands when one or more of the following conditions are present:

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- a) A business interest is proposing a development for which a serviced site currently does not exist and which is of a configuration or size, which would not normally be for sale through a public tender.”

Terms and conditions of the offer for direct sale include the following:

1. Purchase Price
\$2,564,000.00 plus applicable taxes.
2. Deposit
\$256,400.00 plus applicable taxes to be paid within five business days of approval of sale by City Council.
3. Conditions Precedent
Approval required by City Council.
4. Possession of the Land
Upon execution of agreement for sale including payment of deposit.
5. Closing Date
Payment of balance of purchase price plus applicable taxes due May 1, 2005 or upon completion of registration of subdivision plan and issuance of title for transfer in trust.
6. Servicing
City to undertake its best commercial efforts to complete sanitary sewer upgrade (8” to 10”) along Millar Avenue to 60th Street and construction of a drainage ditch for storm outfall on or before July 30, 2005. Price includes provision of all municipal and utility services but does not include topsoil stripping and grading of the site, water, sewer and other utility connections costs nor does it include extra ordinary costs for upgraded telephone, natural gas and electrical power requirements of Prairie Pride.
7. Condition of Land:
As is. Prairie Pride to undertake topsoil stripping and grading of site to city design standards. City to provide Prairie Pride with ESA Phase I and Phase II Reports.

The purchase price established for this 20.2-acre property is \$2,564,000.00 plus applicable taxes (\$126,931.00 per acre). Other recent and comparable sales in the vicinity include the sale of the 7.48 acre corner site to Standard Machine in 2001 at a price of \$121,924.00 per acre and the 9.61 acre mid block site leased with an option to purchase to Westco Storage in 2002 at a sale price of \$110,490.00 per acre. Since these sites were sold or leased, the direct and off-site service costs have increased approximately four to seven percent per year.

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In addition to the payment of servicing costs for direct and off-site services, proceeds from the sale of this property will be used to pay \$180,000.00 for the costs associated with the upgrading of the sanitary sewer along Millar Avenue, construction of an open ditch for storm water runoff purposes and the extension of telephone, natural gas and electrical services to the perimeter of the site.

The City's 2005 Capital Budget does not include the necessary allocation of funds for the completion of servicing of this land. Accordingly, it is proposed that City Council approve a capital budget for this land development project in the amount of \$205,000.00 consisting of the extension of street lighting, upgrading of the sanitary sewer, construction of a drainage ditch and extension of utility services. This capital allocation would be funded in the amount of \$25,000.00 from Pre-paid Services Reserve and \$180,000.00 from the Property Realized Reserve.

In conclusion, the proposed sale of this property to Prairie Pride Natural Foods Ltd. will contribute to Council's overall strategy to strengthen and diversify industrial development in the City and region. It will facilitate new investment, provide new jobs in and around Saskatoon, it will add to our capacity to meet local, national and export markets and generally it will have significant economic spin-offs.

PUBLIC NOTICE

Attached is a copy of the public notice of the proposed land sale to Prairie Pride Natural Foods Ltd., which was posted on the City's Web Page, at City Hall and in the local newspapers in accordance with Council's Public Notice Policy C01-021.

ATTACHMENTS

1. Plan of Proposed Subdivision, Parcel H, Part of SE 1/4-21-37-5-W3rd.
2. Letter dated December 3, 2004.
3. Public Notice."

Mr. Bruce Arabsky, Prairie Pride Natural Foods Ltd., provided Council information pertaining to the proposed processing plant.

Mr. Henry Lashta, Chief Steward, ~~Regional Psychiatric Centre~~, Saskatoon Correction Centre, (amended as per January 4, 2005 meeting of City Council), expressed concerns with respect to a processing facility being erected in the area directly across from the Regional Psychiatric Centre.

Mr. Earl Hill requested that the matter be deferred until the Community Association has been consulted.

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Mr. Kevin Boychuk, Employee, ~~Regional Psychiatric Centre~~, Saskatoon Correction Centre, (amended as per January 4, 2005 meeting of City Council), expressed concerns with respect to a processing facility being erected in the area directly across from the Regional Psychiatric Centre.

Mr. Henry Van Eyck, Director, Lilydale Co-op, Wynyard, SK, expressed concern to a processing facility being built in Saskatoon.

Moved by Councillor Penner, Seconded by Councillor Heidt,

- 1) that City Council approve the direct sale of 20.2 acres of industrial land (proposed Parcel H) to Prairie Pride Natural Foods Ltd. subject to the terms and conditions outlined in this report;*
- 2) that the City Solicitor be requested to prepare the necessary documentation for execution by His Worship the Mayor and the City Clerk;*
- 3) that City Council approve Capital Projects in the amount of \$205,000.00 consisting of street lighting extensions, upgrading of the existing sanitary line along Millar Avenue, the provision of a temporary drainage ditch for storm water purposes and for the provision of utility servicing to the perimeter of the site for natural gas, electrical and telephone; and*
- 4) that City Council approve the allocation of \$25,000.00 from the Prepaid Service Reserve and \$180,000.00 from the Property Realized Reserve for the Capital Projects required to complete the servicing of proposed Parcel H.*

CARRIED.

ADMINISTRATIVE REPORT NO. 23-2004

Section B – CORPORATE SERVICES

**B1) SREDA – Business Incentive
Prairie Pride Natural Foods Ltd.
(File Nos. 3500-1 and 1965-1)**

- RECOMMENDATION:**
- 1) that the application from Prairie Pride Natural Foods Ltd. for a five-year tax abatement on 100% of the taxes applicable to their proposed facility on Millar Avenue be approved; and,
 - 2) that the City Solicitor be instructed to bring forward the appropriate bylaw and agreement.

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Attached is a report from Councillor Tiffany Paulsen, Chair, Saskatoon Regional Economic Development Authority (SREDA) Incentives Review Sub-Committee recommending that Prairie Pride Natural Foods Ltd. be granted a 100% tax abatement for five years on their new processing plant to be located on Millar Avenue. This recommendation is based on a proposed change to the City's Business Development Incentives Policy C09-014 to provide for the 100% tax abatement for new or local expansions in the manufacturing or food processing sector that results in the creation of 100 or more new, full-time or full-time equivalent jobs.

Prairie Pride Natural Foods Ltd. is in the process of acquiring land suitable for their new processing facility and requires Council's agreement to the abatement before that acquisition is finalized. SREDA will be finalizing its review of the Policy C09-014 in January and providing a final recommendation to City Council after its meeting in January. Council is asked to approve the application by Prairie Pride Natural Foods Ltd. as a one-time request outside of the scope of the existing policy.

PUBLIC NOTICE

Public Notice, pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

ATTACHMENT

1. Report – Chair, Incentives Review Sub-Committee (SREDA), dated December 10, 2004.

Moved by Councillor Paulsen, Seconded by Councillor Dubois,

- 1) *that the application from Prairie Pride Natural Foods Ltd. for a five-year tax abatement on 100% of the taxes applicable to their proposed facility on Millar Avenue be approved; and,*
- 2) *that the City Solicitor be instructed to bring forward the appropriate bylaw and agreement.*

CARRIED.

INTRODUCTION AND CONSIDERATION OF BYLAWS

Bylaw 8370

Moved by Councillor Alm, Seconded by Councillor Wyant,

THAT Bylaw No. 8370 be now read a third time, that the bylaw be passed and the Mayor and the City Clerk be authorized to sign same and attach the corporate seal thereto.

YEAS: His Worship the Mayor, Councillors Alm, Dubois, Paulsen, Penner
And Wyant 6

NAYS: Councillors Birkmaier, Fortosky, Heidt, Hnatyshyn and Neault 5

Bylaw 8373

Moved by Councillor Alm, Seconded by Councillor Birkmaier,

THAT Bylaw No. 8373 be now read a third time, that the bylaw be passed and the Mayor and the City Clerk be authorized to sign same and attach the corporate seal thereto.

YEAS: His Worship the Mayor, Councillors Birkmaier, Fortosky, Heidt,
Hnatyshyn and Wyant 6

NAYS: Councillors Alm, Dubois, Neault, Paulsen and Penner 5

Moved by Councillor Fortosky,

THAT the meeting stand adjourned.

CARRIED.

The meeting adjourned at 12:45 p.m.

Mayor

City Clerk