

TOWN OF MINTO

DATE: October 12, 2017

REPORT TO: Mayor and Council

FROM: Bill White, C.A.O. Clerk

SUBJECT: Agreement of Purchase and Sale E. Dennison

Contracting Ltd. Town Gravel Pit 12th Line

STRATEGIC PLAN:

5.5 Pursue, develop and encourage public private partnerships that are fiscally responsible, transparent and mutually beneficial including sponsorships. Establish and maintain appropriate relationships with private business.

BACKGROUND

The Town owns a gravel pit on the 12th Line shown on the map below with 8 hectares of extraction area of the 9.85 hectare property. The Town's licence to operate was issued by the Ministry of Natural Resources in 1991. According to the report submitted with the offer the pit is licensed for 40,000 tonnes and is nearing the end of its capacity.



Earlier this summer the Roads and Drainage Foreman was approached by John Dennison who showed interest in purchasing the Town's pit. On August 30 the C.A.O. Clerk and Roads and Drainage Foreman met with Mr. Dennison to discuss the concept of a sale and what process might apply. Staff supplied the Town license and other file information so Mr. Dennison could research terms and if interested submit an offer. During the August 30

Dennison Offer 1

meeting Mr. Dennison wanted to make sure the offer he made was fair and he has outlined his family interest in an adjacent lot to the west owned by Brubacher.

An offer was considered in closed session October 3 and Council gave direction to the Mayor and C.A.O. Clerk to sign once reviewed by Town legal counsel and including conditions related to the Town's disposition of property bylaw and clarification of post closure cost and obligations after transfer.

Under the Town's disposition of property by-law before selling the lands the Town would need to declare the property surplus, give notice of its intention to sell the lands and have the property appraised. The purpose of this report is to have Council consider whether the lands are surplus to the needs of the Town, and if appropriate provide direction to proceed to give notice and obtain a valuation of the land.

COMMENTS

The offer received has the following terms:

- \$250,000 purchase price with \$25,000 deposit
- Transaction to be completed November 24
- No warranty as to future use by buyer or seller
- Lands purchased "as is"; Town to sign all documents to transfer the Class A License under the Aggregate Resources Act
- Town to comply with disposition of property bylaw
- Purchaser assumes all post closure liabilities once license is transferred

Staff reviewed the offer with legal counsel before signing it back to the purchaser following the last closed session. Appropriate conditions are included and have been accepted by the purchaser. Upon transfer the Town will have no future liability regarding restoration requirements of the property once the license is transferred. The Town will want to make sure there are sufficient funds in place so that the purchaser, or heirs and successors, pay for required restoration under the Aggregate Resources Act. With such a sale the purchaser immediately assumes payment of municipal taxes.

The Town has not used the pit for taking material in a few years. The Roads and Drainage Foreman advises that by the time staff prepare for excavating material it is more cost effective to purchase gravel from one of the many suppliers in the area. Staff believes there is not much additional material remaining in the pit, and the purchaser has had his own consultant assess the supply that might remain. There is some sand available and the value in the purchase may be to expand to abutting lands through the Aggregate Resources Act. If this is to occur the purchaser would be responsible for working through that process.

Public Works staff and Department Heads have discussed the possible sale with Triton Engineering and legal counsel, and while there is an asset of some value it has not had

Dennison Offer 2

significant use in several years. The loss of the asset needs to be balanced against the benefit of the proceeds from the sale and transfer of cost and liability to a private owner with experience in the aggregate business.

FINANCIAL CONSIDERATIONS:

Subject to an appraisal the Town finds the \$250,000 purchase price reasonable. The Town has on reserve \$368,000 for future rehabilitation requirements. If sold the Town could redirect the reserve and purchase price (\$618,000) to other initiatives once the land is sold and the license is transferred to the purchaser with all remediation responsibilities.

RECOMMENDATION:

That Council receives the report from the C.A.O. Clerk dated October 12, 2017 regarding Agreement of Purchase and Sale E. Dennison Contracting Ltd. Town Gravel Pit 12th Line, that the lands be declared surplus to the needs of the Town of Minto, and that staff proceed to issue notice and obtain a valuation of the lands so as to comply with the Town's disposition of property by-law.

Bill White, C.A.O. Clerk

Dennison Offer 3