

CITY OF SASKATOON COUNCIL POLICY

NUMBER
C09-009

POLICY TITLE <i>Industrial Land Incentives Program</i>	ADOPTED BY: <i>City Council</i>	EFFECTIVE DATE <i>February 8, 1988</i>
		UPDATED TO <i>September 28, 2015</i>
ORIGIN/AUTHORITY <i>Planning and Development Committee Report No. 6-1988; Administration and Finance Committee Report No. 17-2001; Land Bank Committee Reports 7-2011, 9-2011 and Item 8.2.2 Standing Policy Committee on Finance – September 28, 2015.</i>	CITY FILE NO. <i>CK. 3500-13, 4225-1, and 4215-1</i>	PAGE NUMBER <i>1 of 4</i>

1. PURPOSE

The objectives of this Policy are:

- a) To attract new industry and to encourage the expansion of existing industries, thereby creating new employment opportunities for local residents; and
- b) To generate a financial return to the City (and hence, to offset holding costs) on the City's current inventory of industrial land (as defined in 2.1 below).

2. DEFINITIONS

- 2.1 City-owned Industrial Land - shall be all City-owned industrial land available for sale over-the-counter, with the exception of land tendered under the Tax Enforcement Act.

3. POLICY

The City will lease, with the option to purchase, City-owned industrial land as defined above.

3.1 Term of Lease

The term of the lease will be 15 years, with an option to renew for a further 5 years.

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C09-009

POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
<i>Industrial Land Incentives Program</i>	<i>February 8, 1988</i>	<i>September 28, 2015</i>	<i>2 of 4</i>

3.2 Lease Rate

The lease rate will be such that it maintains the incentive to purchase City-owned industrial land.

- a) The lease rate will be determined on the basis of the City's cost of borrowing applied to the selling price of the serviced land. The interest rate used will be equivalent to the market rate at which the City is able to issue debentures for a ten-year period or the remaining length of the lease, whichever is shorter, plus one percent.
- b) Adjustments to the lease rate will be the higher of the current lease payment or the City's new ten year debenture rate plus one percent and only:
 - i) After the initial 10 years of the lease agreement; and
 - ii) Every 5 years thereafter.

3.3 Occupancy Costs

The tenant will be responsible for all occupancy costs including all local government taxes (property and business).

3.4 Transferability

Lease agreements may be transferred by assignment provided the transfer supports the objectives of this Policy.

3.5 Improvement Commitments

The tenant must commit to improvements and such improvements must be consistent with the nature of the tenant's operations.

- a) Tenants are required to have a building foundation in place that is consistent with the nature of the tenants operations within three years, commencing upon the execution of the Lease Agreement.

CITY OF SASKATOON COUNCIL POLICY

NUMBER
C09-009

POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
<i>Industrial Land Incentives Program</i>	<i>February 8, 1988</i>	<i>September 28, 2015</i>	<i>3 of 4</i>

- b) If after three years there is no evidence of improvements or commitments to such improvements that are consistent with the nature of the tenants operations, the City will have the option of terminating the lease and placing the land for sale over-the-counter.

3.6 Real Estate Fees

Real Estate Fees, where applicable, will be paid for out of the Property Realized Reserve.

3.7 Option-to-Purchase

The tenant will have the option to purchase the property at any time during the term of the lease, upon completion of a building foundation consistent with the nature of the tenants operations. The price of the option will be equivalent to the selling price in effect at the time the lease agreement was entered into.

3.8 Administrative Authority

The Administration shall have authority to:

- a) Approve all lease agreements that satisfy the requirements of this Policy.
- b) Authorize the improvements required to be undertaken by the tenant as a condition of the lease agreement.
- c) Charge real estate fees, where applicable, to the Property Realized Reserve.
- d) Approve the transfer of lease agreements.

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POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
<i>Industrial Land Incentives Program</i>	<i>February 8, 1988</i>	<i>September 28, 2015</i>	<i>4 of 4</i>

4. RESPONSIBILITIES

4.1 Saskatoon Land

- a) Recommend changes to this policy, when required, to City Council through the Standing Policy Committee on Finance.

4.2 Standing Policy Committee on Finance

- a) Review recommendations from Saskatoon Land regarding proposed amendments to the policy and, where appropriate, recommend to City Council changes to the policy.
- b) Advise City Council on the extent, if any, that the lease rate formula (and any changes in the formula) affects the incentive to purchase City-owned industrial land and recommend changes to the lease rate formula, as appropriate.

4.3 City Council

- a) Receive and consider recommendations from the Standing Policy Committee on Finance with respect to amendments to this policy, including revisions to the lease rate formula; and
- b) Approve amendments to this policy when and as required.