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From: John Whalley

Sent: Tuesday, December 16, 2014 10:30 AM

To: All Council; Cecil P. Clarke; Michael J. Merritt; Marie J. Walsh; Demetri Kachafanas; Malcolm Gillis; Mark Bettens; Christina Lamey

Subject: FW: Archibald Wharf

Hello Mayor Clarke and Council,

Further to some questions that have been raised regarding the value of the Archibald's Wharf property, I wanted to explain the recommendation in further detail and I have attached the two relevant appraisals.

First, in the Municipal Government Act, the standard for a sale of property by a municipal government is market value.

Second, for the sale of property at Archibald's Wharf, CBRM considered the commercial assessment of the property, as well as two appraisals. One of the appraisals, which does a comprehensive analysis of the value of waterfront and water lot properties in Sydney Harbor, was within 1% of the commercial assessment, while the second appraisal was substantially higher.

The second appraisal was largely based upon two land transactions, one in North Sydney and one in Sydney. The transaction in North Sydney was the acquisition of the marine railway property by CME. The transaction in Sydney was the sale of 4 Kings Road. On a per square foot basis, the Sydney sale was more than 50% higher than the price paid for the North Sydney property.

Third, in evaluating the available market information I viewed the market assessment and the comparable appraisal as being most indicative of market value - the value being approximately \$530,000.

Fourth, CBRM negotiated the retention of the on-site parking area at Archibald's Wharf, representing approximately one-third of the upland property area, as available for public parking. CBRM also negotiated a right of first refusal for \$200,000 in the event that at some future date CME would decide

to sell the property. CME also provided a commitment of capital investment (\$5 million) for the property.

With all of these considerations, I recommended to Council that the financial offer proposed by CME represented market value for the property. It should be noted that CME also negotiated the purchase of a private business that was located on the site, on land owned by CBRM.

CBRM's principal economic benefit comes from job creation and private sector capital investment. CBRM's annual property tax revenue associated with the property should be on the order of \$100,000 annually once CME makes their planned investments.

Regarding the process of negotiating a proposal for the consideration of Council, CBRM staff would always do this in a private manner without consulting external interest groups or organizations. This process (property negotiation) is based not upon non-disclosure agreements but on the requirement for CBRM administrative staff to be able to make a recommendation to Council before anyone else knows what is being proposed. As per the Municipal Government Act, the staff recommendation is then made to Council in open session.

At that point, the relevant planning requirements determine the requirement for public consultation.

John