

REPORT OF THE MANAGER OF ECONOMIC DEVELOPMENT FOR THE CONSIDERATION OF COUNCIL

OBJECTIVE

To provide Council with information re. the purchase of Stone Ridge Golf Course

RECOMMENDATION

THAT the report of the Manager of Economic Development dated February 8, 2022 be received;

AND THAT the Stone Ridge Golf Course land and all buildings and assets be declared as surplus to the needs of the municipality

AND THAT section 3 of the Municipal Land Sale Policy be waived to omit the need for a market appraisal of the land and assets

AND THAT any other sections of the Municipal Land Sale Policy and related policy documents be waived with respect to the sale of the land and assets.

AND THAT the sale of Stone Ridge Golf Course and all operating assets to 1860271 Ontario Ltd be approved in the amount of \$1,500,000

AND THAT Bylaw No. 22-09 be adopted to execute this direction.



Steve Antunes
Manager of Economic Development



Daniel Gagnon
Chief Administrative Officer

BACKGROUND

Staff reported to Council in closed session on January 10th that there was an unsolicited offer to purchase Stone Ridge golf course in the amount of \$1.5M. This purchase included the parcels of land on which the course sat as well as all equipment and supplies, marketing rights and commitments to full time staff and ongoing procurement contracts tied to golf operations. Council directed staff to continue to pursue this offer with the proponent and return with an agreement of purchase and sale accordingly. 1860271 Ontario Ltd will be operating the course under the name stoneridgegolf.ca for marketing purposes. This firm is part of the same ownership group that has other investments within the municipality including the building on Newfoundland Walk and 22 Mary Walk.

ANALYSIS

The purchase of the lands and equipment are being completed “as-is where-is” in a simple cash offer transaction for the price of \$1.5M. The purchaser would retain all existing full-time staff and operations are expected to continue in typical fashion this spring while the new owners make incremental improvements to the business over time.

The new ownership group has taken a very strong interest in the municipality and has several ties to the community. As mentioned, they currently own two residential/commercial buildings in the city and see the purchase of Stone Ridge as a way to expand their holdings in the community while working to make Elliot Lake a great place to live and play. Their plans for the golf course include future upgrades to structures and programs to increase travel and tourism, thereby benefiting existing hospitality providers. Their strategy includes using their marketing reach and their affiliations with other golf operators to increase awareness of the course and increase its profitability. The firm has a vested interest in Stone Ridge’s success beyond golf operations. Over and above the large capital expenditure, a thriving golf course and community will make their residences more valuable and serve the purchaser’s financial interests.

The municipal land sale policy typically requires an appraisal. In this case, an appraisal is cumbersome and impractical. The course has a unique history with heavy capital and operating investments from both public sector partners Elliot Lake Retirement Living and the City. The course has consistently had a net negative impact on municipal/ELRL coffers. Finding comparable courses will be challenging if not impossible. Council agreed to respond deliberately to this opportunity in the best interests of the corporation and the community. The price of \$1.5 M was deemed reasonable to Council and legal advice was sought that allayed any legal concerns with proceeding with the sale on the terms laid out in the bylaw / agreement of purchase and sale.



FINANCIAL IMPACT

Of the \$1.5M purchase price, \$1M is to be repaid to Elliot Lake Retirement Living (ELRL) to satisfy existing contractual commitments to ELRL for a non-interest bearing loan (dating back to ELRL's investment in the golf course construction).

Other than the immediate \$500k net proceeds from the sale, the ultimate financial impact to the City will be the immediate end of the city's share of annual operating costs and capital maintenance for the course. Those annual costs average: \$120,000 / year.

Further, the City will begin to charge property taxes on the lands, estimated at approx. \$27k a year.

SUMMARY

Council's approval of the bylaw No. 22-09 will execute the closed session direction provided to staff to sell the Stone Ridge Golf Course at the purchase price of \$1.5M.

