



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

Proceeds from Sale of 80 Turnberry Avenue

Date:	December 20, 2007
To:	Government Management Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	17 – Davenport
Reason for Confidential Information:	This report contains information about litigation or potential litigation that affect the City and is subject to solicitor–client privilege.
Reference Number:	P:\2007\Internal Services\ FP\gm07034Fp AFS#6589

SUMMARY

The purpose of this report is to respond to the Government Management Committee’s request that the Chief Financial Officer report back on the proceeds from the sale of 80 Turnberry Avenue, which was specifically allocated by City Council for the expropriation of the lands municipally known as 11R Hounslow Heath Road; the cleaning up of surrounding lands; opening of a public laneway; and general improvements to Wadsworth Park and the local area.

The report also seeks authorization to establish a new Capital Project within Parks, Forestry and Recreation’s 2008 Approved Capital Budget and a new reserve fund account in order to track expenditures to be disbursed from unspent funds previously received from the sale of 80 Turnberry Avenue.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. City Council adopt the confidential recommendations to staff in Attachment 1.

2. City Council authorize the public release of the confidential information and recommendations in Attachment 1, if any settlement is finalized to the satisfaction of the City Solicitor.
3. City Council establish a discretionary reserve fund account called the ‘Hounslow Heath Reserve Fund’ to receive the net proceeds from the sale of 80 Turnberry Avenue and a portion of 11R Hounslow Heath Road to fund the expropriation of the lands municipally known as 11R Hounslow Heath Road; the clean up of surrounding lands; the opening of a public laneway; and for general improvements to Wadsworth Park and the local area.
4. Municipal Code Chapter 227 (Reserves and Reserve Funds) be amended by adding the ‘Hounslow Heath Reserve Fund’ to Schedule ‘3’ (Corporate Discretionary Reserve Funds) within the Land Acquisition Reserve Fund Group.
5. City Council authorize and direct the appropriate City Officials to take the necessary action to give effect thereto, and that leave be granted for the introduction of any necessary bills in Council to give effect thereto.

Financial Impact

There is no net financial impact resulting from the approval of the recommendation contained in this report. The recommendations seek to authorize the creation of a new Capital project within the Capital Budget to allow for tracking of expenditures to disburse unspent funds previously received from the sale of 80 Turnberry Avenue and to create a sub-account within the Land Acquisition Reserve Fund Group to collect and disburse funds from said sale and any sale of a portion of 11R Hounslow Heath Road.

The net sale proceeds from the sale of 80 Turnberry Avenue are currently held with Financial Accounting in Land Acquisition Reserve Fund – Corporate (XR1012). Portions of the expropriated lands at 11R Hounslow Heath Road have been used for Wadsworth Park and laneway. The remaining portion may be disposed of provided that it is no longer required for its purposes.

DECISION HISTORY

At its meeting of June 3, 4 and 5, 1998, City Council adopted the Corporate Services Committee Report 7, Clause 21 entitled “Expropriation of Property 11R Hounslow Heath Road” authorizing an application to expropriate the land known municipally as 11R Hounslow Heath Road for the following purposes: (a) public laneway purposes; (b) parks purposes; and (c) to extinguish the legal non-conforming use pursuant to subsection 34(8) of the Planning Act.

At its meeting of March 2, 3 and 4, 1999, City Council adopted the Corporate Services Committee Report 2, Clause 8 entitled “Sale of Surplus City-Owned Property, 80

Turnberry Avenue”. Recommendation 2 of this report authorized staff to direct a portion of the sale proceeds on closing to fund the expropriation of 11R Hounslow Heath Road.

City Council further adopted the Administration Committee Report 4, Clause 4 entitled “Expropriation of 11R Hounslow Heath Road” at its meeting of November 6, 7 and 8, 2001, authorizing the expropriation of 11R Hounslow Heath Road and directing the proceeds from 80 Turnberry Avenue transaction to fund not only the expropriation but also the remediation of 11R Hounslow Heath Road.

ISSUE BACKGROUND

The property located at 80 Turnberry Avenue was sold in 1999. The lands at 11R Hounslow Heath Road were expropriated in 2002.

The expropriation of 11R Hounslow Heath Road was undertaken as a result of concerns related to the condition and use of the expropriated lands, particularly contamination that those lands have caused on adjacent lands owned by the City and private property owners. Although the remediation of the subject lands has been completed, legal proceedings with the Owner are still on-going.

Real Estate advises that portions of the expropriated lands have now been integrated into abutting Wadsworth Park and also used to complete the laneway at the rear of the property, as per the original intent of the Council Decision from 1998. The remaining lands between the laneway and the residences on Hounslow Heath Road are now surplus to the City’s needs.

COMMENTS

The proceeds from the sale of 80 Turnberry Avenue were deposited to the Land Acquisition Reserve Fund (XR1012). Based on the estimated cost to remediate the contamination on the property and in accordance with the Expropriations Act, the property at 11R Hounslow Heath Road was expropriated for a nominal consideration. Subsequently, the City entered in the legal proceedings with the Owner, which are still on-going and additional legal fees are anticipated. Until negotiations are finalized, total costs related to any potential legal action are unknown.

Detailed financial information on all expenses associated with the expropriation and remediation of 11R Hounslow Heath Road and the remaining balance of funds from the proceeds from the sale of 80 Turnberry is included in Attachment 1.

In view of the fact that the sale proceeds are so closely tied to the acquisition of another property, it is being recommended that a separate account be created within the Land Acquisition Reserve Fund Group (LARF) to track these inter-related transactions. Appendix 1 contains the criteria for the creation of such an account. Since the funds are in the corporate LARF it is necessary to recommend that funds be transferred between the two accounts to give effect to the tracking requirement.

This report also recommends that a capital project be created to allow for tracking of expenditures to disburse unspent funds previously received from the sale of 80 Turnberry Avenue with funding provided from the Land Acquisition Reserve Fund, for a zero net impact corporately. To date, all expenses associated with the expropriation and remediation of 11R Hounslow Heath Road were regularly recorded and monitored by Accounting/Real Estate.

CONTACT

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SIGNATURE

Joseph P. Pennachetti
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

Confidential Attachment: Proceeds from Sale of 80 Turnberry Avenue
Appendix 1 – Criteria for the Hounslow Heath Reserve Fund

Appendix 1

Hounslow Heath Reserve Fund

- (a) Location within the Consolidated Reserve/Reserve Fund Schedule

Account within Schedule #3 – Corporate Discretionary Reserve Funds – Land Acquisition Reserve Fund Group.

- (b) Statement of Purpose:

To receive the net proceeds from the sale of 80 Turnberry Avenue and a portion of 11R Hounslow Heath Road to fund the expropriation of the lands municipally known as 11R Hounslow Heath Road; the clean up of surrounding lands; the opening of a public laneway; and for general improvements to Wadsworth Park and the local area.

- (c) Service Area or Beneficiary of the Program:

The Deputy City Manager and Chief Financial Officer shall have primary responsibility for the reserve fund.

- (d) Contribution Policy:

Net proceeds of any sale of any portion of 11R Hounslow Heath Road.

- (e) Initial Contribution:

Net proceeds of the sale of 80 Turnberry Avenue.

- (f) Withdrawal Policy:

Funds will be withdrawn either as part of the normal capital budget process or through a specific report to City Council authorizing the purpose and amount of the withdrawal.

- (g) Review Cycle:

Once the expropriation is complete and any sale of a portion of 11R Hounslow Heath Road has been completed, then the account should be closed and any balance transferred back to the Land Acquisition Reserve Fund – Corporate.