



**STAFF REPORT
ACTION REQUIRED
With Confidential Attachment**

Establishing the Sheppard East Corridor Parkland Acquisition Reserve Fund

Date:	April 7, 2015
To:	Executive Committee
From:	General Manager, Parks, Forestry and Recreation; and Deputy City Manager & Chief Financial Officer
Wards:	Ward 24 – Willowdale
Reasons for Confidential Information:	This report is about a proposed or pending land acquisition by the City of one of its agencies, boards and commissions.
Reference Number:	P:\2015\Cluster A\PFR\EX05-042215-AFS#20855

SUMMARY

The purpose of this report is to obtain authority to establish a new reserve fund called the Sheppard East Corridor Parkland Acquisition Reserve Fund (the "Reserve Fund") whose purpose will be to accumulate funds to purchase lands for parks and recreation purposes along the Sheppard East Corridor. The "Sheppard East Corridor" is defined as the area within Ward 24 between Hawkesbury Drive to the West, Leslie Street to the East, Highway 401 to the South and a line drawn parallel to and approximately 500 metres to the North of Sheppard Avenue East (Appendix 2 – Key Map). As well, this report seeks to amend the Parks, Forestry and Recreation (PF&R) 2015 Capital Budget and 2016 to 2024 Capital Plan to add a project to acquire parkland in the Sheppard East Corridor, called "Sheppard East Corridor Parkland Acquisition" (the "Capital Project").

Funding for this Capital Project will be provided from future Section 42 payments under the *Planning Act* from development in the Sheppard East Corridor. Since funds from these sources are not currently available, and it will take some time for the development process to accumulate adequate funding, this report is also seeking authority to borrow funds from the Parkland Acquisition City-Wide Land Acquisition Reserve Fund (XR2210) in the meantime.

RECOMMENDATIONS

The General Manager of Parks, Forestry and Recreation and Deputy City Manager and Chief Financial Officer recommend that:

1. City Council establish an obligatory Reserve Fund titled "Sheppard East Corridor Parkland Acquisition Reserve Fund" (the "Reserve Fund") with criteria set out in Appendix 1 of this report (April 6, 2015) from the General Manager of Parks, Forestry and Recreation and Deputy City Manager and Chief Financial Officer, to provide funding for the acquisition of lands, and any related expenses, for parks and recreation purposes along the Sheppard East Corridor.
2. City Council direct that Schedule 10 of Chapter 227 of the Toronto Municipal Code, Reserve and Reserve Funds, be amended to add the Sheppard East Corridor Parkland Acquisition Reserve Fund.
3. City Council authorize that the following be deposited to the Reserve Fund:
 - a. the above 5% of the portion of the Section 42 cash-in-lieu of parkland payment that is expected to be received for 2-14 Cusack Court and 1200, 1210 and 1220 Sheppard Avenue East; and
 - b. the entire Section 42 cash-in-lieu of parkland payment expected to be received for 784 Sheppard Avenue East, by replacing reference to the City's Parkland Acquisition Reserve Fund Account XR2216 in Recommendation 5 of NY29.19 - Zoning By-law Amendment Application - 784 Sheppard Avenue East, adopted by City Council on February 19 and 20, 2014, with the Reserve Fund.
4. City Council authorize that up to \$3.0 million be borrowed from Parkland Acquisition - City Wide Land Acquisition Reserve Fund (XR2210) should, at any time, the Reserve Fund not have adequate funds, including as an initial contribution to the Reserve Fund, if necessary.
5. City Council direct that once all the lands shown attached to Attachment 1 – Confidential Information (the "Confidential Attachment") as the priority lands on Map 1 (the "Priority Lands") have been acquired and any funds borrowed from the Parkland Acquisition City Wide Land Acquisition Reserve Fund has been repaid, any remaining funds in the Reserve Fund be transferred to the Alternative Parkland Dedication Reserve Fund (XR2213) and the Reserve Fund be closed and deleted from Chapter 227.
6. City Council amend the Parks, Forestry and Recreation 2015 Capital Budget by adding a project called "Sheppard East Corridor Parkland Acquisition" for \$3.0 million funded from the "Sheppard East Corridor Parkland Acquisition Reserve Fund" to be used to acquire the Priority Lands as set out in the Confidential Attachment.

7. City Council authorize that the Confidential Attachment remain confidential until all the Priority Lands have been acquired by the City.
8. Leave be granted for the City Solicitor to introduce any necessary bills in City Council to give effect thereto.

FINANCIAL IMPACT

The recommendations in this report are designed to create a mechanism for the City to acquire parkland adjacent to the Sheppard East Corridor. The Confidential Attachment sets out the Priority Lands for acquisition.

Funding for these purchases is intended to be provided from Section 42 funds from development in the Sheppard East Corridor, plus the proceeds from the sale of Cusack Court (if the City closes that highway, declares the land surplus and sells the land). The Reserve Fund would receive specified development related funds arising in the defined target area.

To ensure that acquisitions can be made as properties may become available a Land Acquisition Capital Project for \$3.0 million is to be funded from the Reserve Fund. Should the Section 42 funds on deposit in the Sheppard East Corridor Parkland Acquisition Reserve Fund be inadequate, then up to \$3.0 million could be borrowed from the Parkland Acquisition - City Wide Land Acquisition Reserve Fund (XR2210) and would be repaid as funds from area developments materialize.

Once sufficient land is assembled, Parks, Forestry and Recreation will be required to bring forward a parkland development project with appropriate funding, to develop the site. The ongoing cost estimates for operation of this park will be determined when the parkland development project is brought forward.

DECISION HISTORY

Three sites have initially been identified to contribute to the Reserve Fund.

2-14 Cusack Court

On November 27, 28 and 29, 2012 City Council approved a development at 2-14 Cusack Court. The Bills to permit the development have not been introduced to City Council and the site plan has also not been approved.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.NY20.33>

This report also required that the applicant make arrangements to purchase Cusack Court from the City, together with the two one-foot reserves along Sheppard Avenue East that form part of the development, subject to the necessary steps being taken by the City to declare the road surplus and authorize the closure and sale of the road to the applicant. This purchase may be by

monetary consideration, by land exchange or by a combination of land exchange and monetary consideration. When, or if, the sale of the lands is completed, it is intended that the proceeds of that sale be also used to acquire the Priority Lands.

1200, 1210 and 1220 Sheppard Avenue East

The development at 1200, 1210 and 1220 Sheppard Avenue East was approved at City Council on May 7, 8, 9 and 10, 2013. The Official Plan and Zoning By-law have been amended to permit this development, but the owner has not yet received Subdivision and Site Plan approval. The above 5% portion of the Section 42 cash-in-lieu of parkland payment owed for this development are directed through this report's recommendation to the Reserve Fund, when these funds are received prior to building permit issuance.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.NY23.33>

784 Sheppard Avenue East

On February 19 and 20, 2014 City Council approved the development at 784 Sheppard Avenue East. One of the recommendations of the final report was that all of the Section 42 money collected would go to into the Off-Site Parkland Dedication Reserve Fund XR2216. It is intended that all of the Section 42 money for this development be now redirected to the Reserve Fund.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.NY29.19>

COMMENTS

A. Desirability of the Use of the Priority Lands as a Park.

Section 42 of the *Planning Act* requires the owners of land that is being developed to provide land for public parks and recreation purposes. The acquisition plan for parkland with the Sheppard East Corridor is consistent with the intent and purpose of Section 42, as this plan involves targeting development sites to fund parkland acquisitions.

In order to give effect to the plan, it is necessary to:

- a. Establish a reserve fund to hold Section 42 monies;
- b. Provide an alternate funding source should funds from development not arrive on the same timeline as they are needed for the purchases, namely borrowing from the Parkland Acquisition - City Wide Land Acquisition Reserve Fund (XR2210); and,
- c. Amend the Parks, Forestry and Recreation 2015 Capital Budget to add a project to acquire parkland in the Sheppard East Corridor.

By creating a budget and a funding source through the Reserve Fund, this report allows City staff to acquire the Priority Lands, identified in the Confidential Map attached to Confidential Attachment 1, when they become available on the open market, or when they are made available to the City. The time line for acquisition of the Priority Lands is difficult to predict.

B. What the Capital Project will be used for

The Capital Project will be used to fund the acquisition costs of the Priority Lands, including payment of the purchase price, appraisal costs, closing costs, building assessment costs, demolition costs, base park improvement costs, environmental assessment and remediation costs, if necessary, and any other costs for the acquisition of any of the Priority Lands.

C. Priority Land Acquisition and Management

Acquisition of the Priority Lands shall be conducted subject to and in accordance with the City's policies and authorities for acquisition of land. The City's Real Estate Services Division ("RES") will seek separate authority for each of the Priority Lands acquisitions as required. RES will manage the Priority Lands until such time as the Priority Lands are required by Parks, Forestry and Recreation to proceed with the development of the park or any portion thereof. Any revenue generated from the leasing of the Priority Lands net of operating costs (including state-of-good-repair and maintenance) will be applied to the appropriate RES account.

CONCLUSION

Funds used to purchase Priority Lands parkland are generated by development nearby. In this plan, these Section 42 funds are being used to purchase land for parks and recreation purposes within the Sheppard East Corridor.

CONTACTS

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SIGNATURES

Janie Romoff, General Manager
Parks, Forestry and Recreation

Roberto Rossini
Deputy City Manager & Chief Financial Officer

ATTACHMENTS

- Appendix 1 – Sheppard East Corridor Parkland Acquisition Reserve Fund
- Appendix 2 – Key Map – Sheppard East Corridor
- Attachment 1 – Confidential Information

Appendix 1

Sheppard East Corridor Parkland Acquisition Reserve Fund

1. Location within the Consolidated Reserves/Reserve Funds Schedule

Account within Schedule #10 – Parkland Acquisitions/New Development Obligatory Reserve Funds

2. Statement of Purpose

This account will be used to provide funding for the acquisition of lands and any related expenses, for parks and recreation purposes along the Sheppard East Corridor.

3. Service Area or Beneficiary Program

The General Manager, Parks, Forestry and Recreation, shall have primary responsibility for the Reserve Fund.

4. Initial Contribution

If necessary up to \$3.0 million borrowed from Parkland Acquisition - City Wide Land Acquisition Reserve Fund (XR2210).

5. Contribution Policy

Funding will be provided from Section 42 funds from development at 2-14 Cusack Court, 748 Sheppard Avenue East and 120-1220 Sheppard Avenue East and,

If necessary funds borrowed from Parkland Acquisition - City Wide Land Acquisition Reserve Fund (XR2210) in an amount that together with the Initial Contribution does not exceed \$3.0 million.

6. Withdrawal Policy

Funds will be withdrawn as part of the Capital Budget process.

7. Review Cycle

The account should be reviewed at least every five years, sooner if the level of funds is deemed to be inadequate, or if conditions change.