

To: Mayor and Council **Date:** March 21, 2022
From: Mike Younie, Chief Administrative Officer
Subject: **Purchase of 9104 Emiry Street – Funding Sources Update**

Recommendation(s)

1. That the purchase of 9104 Emiry Street for a price of \$4,500,000 be approved;
2. That the Mayor and Corporate Officer be authorized to execute any documents requiring execution to complete the purchase;
3. That \$1,800,000 be taken from the Unappropriated Accumulated Surplus and that \$2,700,000 be taken from the Parkland Reserve; and
4. That the City's Financial Plan be amended accordingly.

Purpose

The purpose of this report is to recommend funding sources for the purchase of 9104 Emiry Street to Council.

Background

Council received a report regarding the purchase of 9104 Emiry Street (Property) at its March 7, 2022 closed meeting. An offer to purchase the Property for \$4.3M was made by the City's solicitor. A counter offer of \$4.5M was made by the owners of the Property and was accepted based on Council previously approving a purchase up to a maximum price of \$4.6M.

Discussion and Analysis

Given that approximately 40% of the Property is easily developed, staff recommends that 40% of the funding for this property come from the Unappropriated Accumulated Surplus. In the event the entire Property is not required for future park, this will provide the City with flexibility in the future to sell the 40% and recoup 40% of the initial purchase price or possibly even more given how land prices are currently escalating. Alternatively, the City could use the 40% developable portion for a community benefit project such as affordable housing. Should the 40% be ultimately used as park, future Parkland Reserve funds can be used to pay back the Unappropriated Accumulated Surplus.

There is an existing house that is being rented on the Property. Staff will arrange to have the City's property manager add this to their portfolio. However, staff will not have the structure insured under the City's property insurance.

Council Goals/Objectives

The purchase of this Property is consistent with Council's Strategic Focus Areas of 2. Securing Finances, Assets and Infrastructure and 4. Liveable Complete Community.

Financial Implications

The Parkland Reserve balance as at December 31, 2021 is approximately \$6,728,749 with no scheduled capital expenditures against this reserve for the foreseeable future based on the 2021 Financial Plan. However, staff are bringing a proposed purchase of parkland on 8850 Cedar Street related to the relocation of Gaudin Creek. The recent appraisal has determined a value of \$4M for this 1.2 acres. The funding does not necessarily need to come from the Parkland Reserve. There is no established minimum, maximum or optimum balance for the Parkland Reserve.

It is recommended that the 40% developable portion be funded from the Unappropriated Accumulated Surplus which has an unappropriated balance as of December 31, 2021 of \$11,100,000. The minimum optimum balance is \$4.7M and the optimum balance is \$9.4M.

Communication

No additional communication is required.

Summary and Conclusion

Council approved the purchase of 9104 Emiry Street up to a maximum of \$4,600,000. An accepted offer at \$4,500,000 has been negotiated. Staff are recommending that two funding sources be used to provide the City with flexibility to sell or develop 40% of the property in the future.

Report Prepared by: Mike Younie, Chief Administrative Officer

Reviewed by: Doug Stewart, Director of Finance

Approved for Inclusion: Mike Younie, Chief Administrative Officer