

Deputy City Manager's Office Report to
Infrastructure and Planning Committee
2022 March 3

ISC: UNRESTRICTED
IP2022-0283
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Proposed Acquisition (Tuxedo) – Ward 7 (130 28 AV NE)

RECOMMENDATIONS:

Review Date: 2032 February 10

The Infrastructure and Planning Committee recommends that Council:

1. Authorize the Recommendations as outlined in Attachment 3; and
2. Direct that the Recommendations, Report and Attachments remain confidential pursuant to Sections 23 (Local public body confidences), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act* until the transaction has been closed, except Attachment 5 which shall remain confidential.

**RECOMMENDATION OF THE INFRASTRUCTURE AND PLANNING COMMITTEE,
2022 MARCH 3:**

That Council:

1. Authorize the Recommendations as outlined in Attachment 3; and
2. Direct that the Recommendations, Report and Attachments remain confidential pursuant to Sections 23 (Local public body confidences), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the Freedom of Information and Protection of Privacy Act until the transaction has been closed, to be reviewed by 2023 June 30 except Attachment 5 which shall remain confidential.

Opposition to Recommendations: Councillor Chabot

HIGHLIGHTS

- The purpose of this report is to seek approval for a proposed acquisition of land, formerly the Tuxedo Park School site, as an opportunity purchase for municipal uses in the community of Tuxedo.
- **What does this mean to Calgarians?** This proposed acquisition will secure development land to provide City services in a strategic location.
- **Why does this matter?** Responds to Council direction (UCS2018-0745) to exercise its Right of First Refusal to retain Tuxedo Park school site. This location serves as current open space in the community and provide the lands required for future City services.
- The total estimated acquisition cost is \$6,487,880.82 which includes the proposed Consideration, acquisition fees and additional costs.
- Strategic Alignment to Council's Citizen Priorities: A city of safe and inspiring neighbourhoods
- Background and Previous Council Direction is included as Attachment 1.

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DISCUSSION

The Tuxedo Park School site is an improved property which lies just east of Centre Street NE fronting both 28 Avenue and 1 Street NE and is adjacent to an existing park and the Tuxedo Park Community Centre immediately to the north.

The Property consists of sixteen (16) titled parcels totalling ± 0.967 hectares (2.39 acres) and includes the existing Tuxedo Park School which in itself comprises $\pm 3,920$ sq. m. (42,194 sq. ft.). The school structure includes an original circa 1920 school which is a bungalow school design as well as a subsequent 1956 addition attached to the rear of the original school.

Of the total school site area, a portion of the Property (five (5) of the sixteen (16) titled parcels OR approximately 9.2 per cent) has been identified as having a consideration of \$1.00 due to the circumstances of the original transfer of land(s), in accordance with the Joint Use Agreement (JUA). Surplus school lands originally obtained from The City of Calgary for a nominal sum or under some special arrangement, will be returned to The City of Calgary for similar considerations. As such, Consideration has been based upon a reduced site area totaling $\pm 8,782$ sq. m (94,524 sq. ft.).

There are expressed service requirements (for Green Line LRT, Recreation, Affordable Housing, Calgary Neighborhoods, Calgary Public Library and Facility Management) that requires land at this location. Administration for the Green Line LRT project has also expressed an interest in the Tuxedo Park School site as being an opportunity for Transit Oriented Development as well as interim staging and laydown area during construction of the Green Line LRT.

It should be noted that these service needs, while identified, have not been funded or specifically approved, and are subject to future funding. Also, the timing for their buildout is far into the future. In the interim, this site will function as open community space.

Furthermore, the community of Tuxedo Park's open space provision is 5.56 per cent, inclusive of this site. This is below the Calgary Parks target of 10 per cent in a community area. The acquisition of this site represents the preservation of open space in this community. To let this site be sold to a private entity carries the risk that the open space could be more fully developed leading to a decrease in the currently existing open space. Calgary Parks recognizes this site has a high profile and is highly valued by the community.

While the Tuxedo School is not a legally protected building, it is listed on the Inventory of Evaluated Historic Resources. The original school portion is a community landmark and an example of a later phase of bungalow school design unique to Calgary and one of eight remaining in Calgary. Given the heritage implications and likelihood to experience pressure from the heritage community/public to preserve the original building, future designs or re-development of the site would necessitate that special consideration be given to these implications and their potential to decrease or limit future site uses.

If the proposed acquisition is approved, a formal purchase and sale agreement will be drafted for execution by the Parties. It is anticipated that this transaction will close in 2022 June.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

Public Engagement was undertaken

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- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder or customer dialogue/relations were undertaken

IMPLICATIONS

Social

Use of this land for provision of open space and for potential future development of City services also supports social outcomes.

Environmental

The Property has been reviewed in accordance with The City of Calgary's Sales, Acquisitions and Leases Environmental (S.A.L.E.) Policy effective 2020 January 14. Pursuant to the Sales, Acquisitions and Leases Environmental (S.A.L.E.) Procedure, an Environmental Assessment was conducted. No soil or groundwater contamination concerns were identified, and no further Environmental Assessments were recommended.

Economic

Not applicable.

Service and Financial Implications

Current and Future Operating Budget:

Estimated post-acquisition interim holding and operating costs will be shared between Calgary Parks (Land steward) at \$20,000/year and Facility Management (Building Stewardship) at \$28,000/year. It should be noted that projected holding costs may be reduced if a portion of the school were to be demolished.

Existing Operating funding – Funds are available from Facility Management Program # 694 and Calgary Parks Program # 445.

Current and Future Capital Budget:

Funds are available from Real Estate & Development Services Program # 695.

RISK

Should the proposed acquisition not be approved: There is potential for both reputational risk and financial risk. Reputational risk lies in not recognizing the long standing interest in the site and being contrary to Council's direction in 2018 (UCS2018-00745) to exercise its ROFR. As well, The City would not be able to capitalize on the sites potential to fulfil a number of City initiatives and Council's vision for complete communities and if the site were sold privately, it could result in the loss of open space. Financial risk may be incurred in the future as the site may not be available for purchase from a willing owner.

Approval of the recommendation would mitigate these risks and therefore the likelihood and impact of these risks are considered low.

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Should the proposed acquisition be approved: There is potential for financial risk as The City would incur holding costs, the sites heritage resource status may limit re-development and the site would not immediately realize any potential to increase tax base revenue as in the case of a private sale.

Overall, these risks are considered low and deemed acceptable in achieving The City's initiatives and Council's vision for complete communities. Holding costs may be reduced as a result of partial demolition.

ATTACHMENTS

1. Previous Council Direction, Background
 - 2a. Site Map
 - 2b. Context Map
 3. Recommendations
 4. Summary of Additional Property Information
 5. Comparable Data Chart Land Sales
- Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Chris Arthurs, General Manager	Deputy City Manager's Office	Approve
Michael Thompson, General Manager	Utilities and Environmental Protection	Inform