

STANDARD OPERATING PROCEDURE

SOP TITLE: ACQUISITION OF LANDS

SOP NO.: CS-5.13-S1

Chapter:	Corporate Services		
Section:	5. Property and Risk Management		
Effective Date:	January 29, 2021	Last Review Date:	January 29, 2021
Approval Authority:	Chief Financial and Operating Officer		
Issued to:	Property and Risk Management		
SOP Owner:	Property and Risk Management		

1. PURPOSE

- 1.01. The purpose of this Standard Operating Procedure (SOP) is to guide acquisition by Toronto and Region Conservation Authority (TRCA) of all Real Property and may apply to the Acquisition of Real Property not to be included under the administration and control of the TRCA ("Non-TRCA Acquisitions"). To the extent Non-TRCA Acquisitions are subject to other laws, regulations, policies, orders or directives that deal in whole, or in part, with the subject matter of these procedures, TRCA will comply as applicable. TRCA shall only assist in Non-TRCA Acquisitions upon written direction from the Chief Financial and Operating Officer.

2. SCOPE

- 2.01. The SOP consist of three key steps:
- (a) Confirm that requirements for an Acquisition have been established
 - (b) Select and evaluate properties for Acquisition
 - (c) Execute the Acquisition approach

For Acquisition projects there may be an overall project lead from another department (e.g. TRCA client program delivery, early works, development planning, etc.), however, the Property & Risk Management team ("R&RM") will project manage the procedures noted in this document, and will be responsible for maintaining records with the key documentation noted.

3. DEFINITIONS

- 3.01. **"Acquisition"** means the act of acquiring an interest in realty. It refers to a transaction that transfers a Real Property Asset by sale, transfer or exchange to Government, from a third party other than Government.
- 3.02. **"Agreement of Purchase and Sale"** means TRCA's standard agreement for the Acquisition of Real Property.
- 3.03. **"Class Environmental Assessment"** means, for the purposes of these procedures, refers to the Class Environmental Assessment process, which TRCA is responsible for implementing. Through the Class Environmental Assessment, TRCA takes into account and assesses the potential effects of its realty activities on the environment. This includes consideration of the natural, social, cultural, and economic environments and their interactions.
- 3.04. **"External Appraisal"** means an adequately supported written opinion of Market Value of the Real Property Asset on a specified date that evaluates the Real Property Asset involved according to accepted appraisal practices and is obtained from and signed by a person who is a real property appraiser accredited by the Appraisal Institute of Canada either as an AACI or CRA, as required.
- 3.05. **"Government"** means the same meaning as in the *Ministry of Infrastructure Act, 2011* as amended from time to time, and was as of June 6, 2012 defined as:
- (a) The Government of Ontario and the Crown in right of Ontario;
 - (b) A ministry of the Government of Ontario;
 - (c) A Crown Agency;
 - (d) Any board, commission, authority or unincorporated body of the Crown; and
 - (e) A municipality.
- 3.06. **"Market Value"** means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming that the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
- (a) buyer and seller are typically motivated;
 - (b) both parties are well informed or well advised, and acting in what they consider their best interests;
 - (c) a reasonable time is allowed for exposure in the open market;
 - (d) payment is made in terms of cash in Canadian Dollars or in terms of financial arrangements comparable thereto; and
 - (e) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales or concessions granted by anyone associated with the sale. (Note: this does not preclude TRCA from offering/accepting special or creative financing, provided that the Market Value is adjusted to account for the special or creative financing arrangement, subject to appropriate approvals).

Market Value shall be determined by the P&RM. Criteria considered by TRCA for establishing Market Value may include (but are not limited to): current market conditions; a reasonable exposure period for the specific local market; business cases; latent conditions and unforeseen events impacting the value of a given Real Property Asset; A latent condition is a hidden condition or defect that is not readily ascertained by reasonable inquiries and research.

- 3.07. **"Project Information Management System"** means TRCA's system for managing realty projects.
- 3.08. **"TAM"** means TRCA's internal Tangible Asset Management committee, or otherwise delegated.

4. PROCEDURE

Confirm that Requirements for an Acquisition have been Established

- 4.01 P&RM shall prepare and administer the Greenspace Acquisition Plan (GAP) on a multi-year basis. In addition to GAP, TRCA departments are responsible for defining and submitting their real property acquisition requests to support their operations.

In general, TRCA departments acquisition requests should confirm the established requirements for an Acquisition, which include:

- (a) TRCA divisions to advise P&RM of available acquisition.
- (b) Confirm that Board of Directors approval has been obtained, including previous budgetary and/or GAP authorizations, if any;
- (c) P&RM shall perform:
 - A draft property value estimation from available data;
 - Coordinate the creation of a corporate intake and Real Estate Options Analysis (prepared by TRCA client program delivery) for consideration by TAM; and
 - Provide initial recommendation to TAM;

Evaluation by the Tangible Capital Management (TAM) committee

- 4.02 Confirm that a Real Estate Options Analysis and corresponding Real Estate Advice with a recommended realty solution, has been approved by the Board;
- 4.03 Confirm that the TRCA portfolio planning team has identified that no suitable unused realty exists in TRCA's portfolio;
- 4.04 Establish a business plan regarding the acquisition, namely:
- (a) Determine the Lifecycle Costs regarding the Acquisition;
 - (b) Determine revenue generation possibilities regarding the Acquisition;
 - (c) Identify ongoing management process and costs for the Acquisition;
 - (d) Estimate all transactions costs associated with a new Acquisition, including the final purchase price and all due diligence costs; and
 - (e) Identify budgetary controls, as recommended by the CFOO;

- 4.05 An Acquisition project is set up in the Project Information Management System.
- 4.06 TAM makes recommendation to Board of Directors or designate regarding Acquisition.
- 4.07 Board of Directors confirms or denies Acquisition.

Negotiation & Due Diligence Phase

- 4.08 P&RM negotiate terms and conditions of offer, and confer with Legal Counsel regarding the preparation of an Agreement of Purchase and Sale (APS). Standard conditions include:
 - (a) Conditional on Board approval;
 - (b) Condition on Ministerial approval, if required; and
 - (c) Conditional on applicable due diligence requirements for parcel.
- 4.09 P&RM manages processes the agreement as follows:
 - (a) Determination of Market Value;
 - (b) TRCA legal prepares Agreement of Purchase and Sale;
 - (c) Submit Agreement of Purchase and Sale to the seller;
 - (d) Seller signs Agreement of Purchase and Sale;
 - (e) Preparation and approval of acquisition advice form, pursuant to delegated authority as per TRCA Policies and Procedures;
 - (f) Execution of the Agreement of Purchase and Sale;
 - (g) Deposit cheque (or electronic fund transfer) is requisitioned from TRCA finance, and is forwarded to seller with signed original copies of the Agreement of Purchase and Sale;
 - (h) Complete all outstanding due diligence activities and satisfy any other conditions during inspection period, including confirmation that Minister's consent has been obtained.
- 4.10 P&RM will undertake and analysis of required due diligence for the parcel, depending on Acquisition from private individual or Government, and which may include:
 - (a) **Archaeology Study** – Carry out site assessments to identify any significant archaeological features;
 - (b) **Duty to Consult** – Determination if a duty to consult is required pursuant to legal advice.
 - (c) **Mapping/Survey Review/Title Search** – Prepare property map, review available property boundary information and determine whether survey is required, conduct title search;
 - (d) **Legal** – Title confirmation (legal opinion confirming the ownership of the property including any title encumbrances).
 - (e) **Planning** – Confirmation of land use planning information for the property, prepared by a registered professional planner;
 - (f) **Cultural Heritage** – Identifying and evaluating built heritage and cultural landscapes, as per the Standards and Guidelines for Conservation of Provincial Heritage Properties;
 - (g) **Geotechnical** – Review geotechnical site characteristics (if required);
 - (h) **Environmental Site Assessment**–
 - Carry out environmental site assessments;
 - Conduct the Class Environmental Assessment process;

- (i) **Environmental Assessment** – Review an Environmental Assessment for a TRCA undertaking, if necessary.
- (j) **Appraisal** – Ensuring there is data supporting the asking and offering price (e.g. External Appraisal or Internal Valuation derived from the most current TRCA valuation services guidelines, with consideration provided in the definition of Market Value). The following should be considered for appraisals:
 - The Market Value thresholds that would determine number and type of Appraisals required in accordance with the most current TRCA valuation services guidelines;
 - Subject to consultation with TRCA valuation Services, an appraisal update may be required in accordance with the most current TRCA valuation services guidelines.
- (k) **Designated Substances Survey** – Determination of exposure of Acquisition to designated substances, including asbestos.

Approval Phase

- 4.11 P&RM draft report submission and recommendations to Agenda Review Team for ratification and inclusion on the Executive Committee agenda.
- 4.12 P&RM present the report to the Executive Committee for adoption and recommendation.
- 4.13 P&RM coordinates the report for ratification of the Board of Directors.

Close-out Phase

- 4.14 TRCA legal counsel completes transaction, including:
 - (a) Notification of completed transaction sent from TRCA legal to all department heads involved in due diligence and to TRCA Asset Manager;
 - (b) The project is closed out in the Project Management Information System and records are also organized as per the TRCA retention schedule.

5. RESPONSIBILITY

- 5.01. The **Property Agent or Senior Property Agent** is responsible for:
 - (a) Coordinating property Acquisition on behalf of TRCA in conformance with TRCA policies and this procedures;
 - (b) Ensuring communication is documented for the record;
 - (c) Presenting acquisitions to TAM;
 - (d) Drafting of required reports; and
 - (e) Other duties as assigned.
- 5.02. The **Associate Director, Property and Risk Management** is responsible for:
 - (a) Ensure compliance to this procedure;
 - (b) Approving Acquisitions to TAM;
 - (c) Presenting Acquisition to boards and committees;

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- 5.03. The **Tangible Capital Management** (TAM) committee is responsible for:
- (a) The analysis and recommendation of pending Acquisitions;

6. ADMINISTRATION

Review Schedule:	5 Years	Next Review Date:	January 29, 2026
Supersedes:	NEW		
Related Documents:	CS-5.13-P Acquisition of Lands		
	CS-5.13-S2 Valuation		
Revision History			
Date	Description		
January 29, 2021	New SOP is approved.		