

City seeks advice over Terrasan 'Eagle Place residents are getting shafted'

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City officials are assessing the future of the \$200-million Greenwich-Mohawk brownfield remediation and redevelopment project after learning that two companies connected to the city's chosen partner, Terrasan Corp., are in bankruptcy proceedings.

Mayor Chris Friel and senior administrators were told Tuesday that two companies, Terrasan Environmental Solutions Inc. and Terrasan Metal Fabricators Inc., along with a third related company, WCL Management - all centred in Toronto - have been declared bankrupt.

"We are consulting with our lawyers to determine what the implications are for the city and the deal, and we are waiting for an answer," Friel said in an interview Tuesday evening.

A notice by bankruptcy trustee MSI Spergel Inc. was published Tuesday. It said that the three companies were declared bankrupt April 4.

A first meeting of creditors of the three companies has been called for April 21 at the Radisson Hotel in Toronto.

The two bankrupt Terrasan companies are part of the Terrasan Group of four firms that includes Terrasan Corp. and Terrasan Recycling.

Friel said city officials are working with lawyers to determine the status of Terrasan Corp. The city has been for months on the cusp of signing an agreement with Terrasan to start a 10-year remediation of the heavily contaminated 52-acre brownfield area at Greenwich and Mohawk streets and revitalize it with a mix of housing, museums, commercial space and a park system.

"I was surprised," said Friel of the bankruptcy proceedings.

He added that the city was last in contact with Terrasan principal Jeff Usher last week.

Attempts to reach Terrasan Corp. officials were unsuccessful Tuesday.

City Solicitor Larry Tansley has been directed to contact WeirFoulds, the Toronto law firm contracted by the city to provide legal counsel on the complex Greenwich-Mohawk project.

"I'm interested in what they have to tell us," said Coun. Marguerite Ceschi-Smith, who was made aware of the Terrasan information Tuesday morning and passed it onto Friel and city staff.

The city negotiated with Terrasan for nearly 20 months after deciding to work with the company on the Greenwich-Mohawk project, following a request for proposals process in which the company was the only bidder.

After many delays and increasing frustration a tentative agreement was ready in February, but Friel persuaded council to hold off signing, while it was submitted to a public consultation process.

"We were a few weeks away from going to council with the agreement," Friel said Tuesday.

"So, we are in a comfortable position to review the situation.

"I'm glad that we took the time to stop and review the agreement so we could consult and our councillors and the public could have a better understanding of it. That has given us a bit of a time buffer."

Coun. Richard Carpenter critical from the beginning of the approach by a majority of the last council to get a developer to combine the cleanup and redevelopment of the Greenwich-Mohawk site.

The passage of time and numerous delays in negotiations with Terrasan have only convinced him more that the approach was wrong, Carpenter said Tuesday.

"It's just ludicrous that we didn't take our own staff's advice all along and just go ahead and clean up the site ourselves before putting it up for redevelopment," Carpenter said.

"We have \$17 million from the federal and provincial governments to do the job and it's just been sitting there. Eagle Place residents are getting shafted. It's time to stop listening to the far-right agenda and do the job properly."

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