

Yonge/Dundas Redevelopment Project - Settlement of Expropriations Claim - 299 Yonge Street, Toronto World of Shoes (Ward 24 - Downtown)

(City Council on November 23, 24 and 25, 1999, adopted this Clause, without amendment.)

The Policy and Finance Committee recommends the adoption of the following report (October 27, 1999) from the Acting Commissioner of Corporate Services:

Purpose:

To authorize the settlement of disturbance damage and business loss costs with a tenant of 299 Yonge Street resulting from the expropriation of this property as part of the Yonge/Dundas Redevelopment Project

Financial Implications and Impact Statement:

Financing has previously been approved by Council, July 8, 9, 10, 1998, in Strategic Policies and Priorities Committee Report No. 10, Clause 26, and is available in Capital Account No. 216692.

Recommendations:

It is recommended that:

- (1) authority be granted to enter into a settlement agreement with World of Shoes, in the amount of \$483,735.00, as a full and final settlement for disturbance damage and business loss resulting from the expropriation of property located at 299 Yonge Street; and
- (2) the appropriate City officials be authorized and directed to take the necessary actions to give effect thereto.

Background:

299 Yonge Street was a retail and office building which was located on the east side of Yonge Street, south of Dundas Street East, with all space leased to World of Shoes which operated a retail shoe store on the basement, first and second floors and administrative offices on the third floor of the building occupying a total of 14,259 square feet. The lease was scheduled to terminate January 1, 2003. Tenants that are expropriated are entitled to compensation for reasonable relocation costs, disturbance damage, business loss, legal and other related costs.

At its meeting held on July 8, 9, and 10, 1998, Council approved, as amended, Clause No. 26 of Report No. 10 of the Strategic Policies and Priorities Committee, approving the expropriation of the properties required for the Yonge/Dundas Redevelopment Project and directing the final financial settlements with land owners be granted by the then Strategic Policies and Priorities Committee and Council.

An Expropriation Plan was registered on September 14, 1998 to expropriate 299 Yonge Street. The tenant was served with Notices of Expropriation and Notices of Possession pursuant to the provisions of the *Expropriations Act* with possession of the property by the City on January 15, 1999. On September 11, 1998, an Agreement of Purchase and Sale closed with the owner of 299 Yonge Street, Colekin Investments Limited. The right of ownership then transferred to the City, with the World of Shoes becoming a tenant of the City.

On December 11, 1998, in accordance with Section 25 of the *Expropriations Act*, an offer for the leasehold interest in the land of \$390,000.00 was made to World of Shoes based on an appraisal report by the City's appraiser. An advance payment of \$390,000.00 was made to World of Shoes on December 14, 1998.

Comments:

A full and final settlement and release has been negotiated with World of Shoes in the amount of \$483,735.00 in addition to the \$390,000.00 paid pursuant to the leasehold interest in the land. The settlement is based upon expert financial reports received from the accountants for World of Shoes and reviewed by the City's business valuator, PricewaterhouseCoopers (PwC) and external solicitors, Borden & Elliot. PwC has fixed the disturbance damage costs at \$154,000.00 based upon the relocation costs to move the Yonge Street store to an approximately equivalent area at the Fairview Mall, Bloor Street and Market Village locations. Business loss costs have been agreed upon in the amount of \$258,000.00. Professional fees, including legal, appraisal and other expert fees are in the amount of \$63,000.00. These settlement costs are inclusive of GST. The City's external business valuator and solicitor recommend this settlement.

Also included as part of the full and final settlement is the reimbursement of a security deposit, originally paid by World of Shoes to the former owner, that had been credited to the City when the purchase of 299 Yonge Street was completed in the amount of \$10,575.00 less \$1,840.00 for noise by-law infractions levied against World of Shoes in 1995. This results in the full and final settlement amount of \$483,735.00.

Conclusions:

The settlement with World of Shoes, is considered to be fair and reasonable and should be approved.

Contact Name:

Mike Saffran, Telephone:416-392-7205, Fax: 416-392-1880;
Email:msaffran@city.toronto.on.ca

Insert Table/Map No. 1
yonge/dun dev parcels