

TORONTO STAFF REPORT

September 12, 2006

To: Policy and Finance Committee

From: Chief Corporate Officer and
General Manager, Economic Development, Culture & Tourism

Subject: Status of Negotiations of Proposed Sale of Surplus Property
Portions of 3326 Bloor Street West and 1226 Islington Avenue
(Ward 5 - Etobicoke-Lakeshore)

Purpose:

To report on the status of negotiations for the proposed sale of portions of the City-owned property at 3326 Bloor Street West and 1226 Islington Avenue.

Financial Implications and Impact Statement:

There are no immediate financial impacts that would result from approval of this report. Authorization is requested to continue negotiations only. However, it should be noted that there are likely to be very significant financial implications to the City should the sale proceed. The terms of the proposed sale and associated costs will be reported directly to City Council at its meeting of September 25, 26 and 27, 2006. As negotiations are still underway, the final financial implications are not yet known and accordingly the Deputy City Manager and Chief Financial Officer has yet to assess the overall financial implications of this transaction.

The Deputy City Manager and Chief Financial Officer has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

- (1) the Chief Corporate Officer continue negotiations with SNC-Lavalin Group Inc. ("SNC") on the terms and conditions of a proposed sale transaction for portions of the City-owned property known as 3326 Bloor Street West and 1226 Islington Avenue, shown as Part 3 on Sketch No. PS-2006-088, (the "Property") and report directly to City Council at its meeting scheduled on September 25, 26 and 27, 2006 regarding the Offer to Purchase (if received); and

- (2) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

By the registration of Plan of Expropriation 7369 on February 2, 1965, Plan of Expropriation 7792 on May 30, 1966 and Plan of Expropriation 8020 on February 1, 1967, the former Municipality of Metropolitan Toronto expropriated certain lands in the Bloor/Islington area, including the Property, for the extension of the Bloor/Danforth subway (the "Original Site"). The Original Site is now improved with a subway station, bus terminal (utilized by TTC and Mississauga Transit), Passenger Pick Up and Drop Off Facilities and a commuter parking lot.

At its meeting held on May 17, 18 & 19, 2005, Council, by its adoption of Clause No. 17 of Report No. 5 of the Policy & Finance Committee authorized the acquisition from the Royal Canadian Legion of 3326 Bloor Street West, a property located in the middle of the Bloor/Islington lands. The acquisition of 3326 Bloor Street West consolidated the City's landholdings to provide improved flexibility in designing and laying out future development for the Bloor/Islington lands.

By its adoption of Clause No. 25 of Report No. 5 of the Administration Committee, on July 25, 26, and 27, 2006 City Council declared the Property, subject to any required easements and subject to the operational requirements of the TTC, surplus to municipal requirements with the intended method of disposal to be by way of a long-term lease and/or sale to SNC or another entity associated with and controlled by it, and acceptable to the Chief Corporate Officer.

Comments:

Negotiations with representatives of SNC are on-going, but important transaction issues remain unresolved and no Offer to Purchase has been received. Given that additional time is required to negotiate and attempt to finalize the terms of the proposed transaction and secure from SNC an Offer to Purchase, it is not possible to report to Policy and Finance Committee for its September 18, 2006 meeting on the terms of the proposed transaction. In an effort to respond to SNC's aggressive construction and relocation timetable and desire to obtain authority for the proposed sale transaction during this term of Council, the Chief Corporate Officer should be directed to continue negotiations with SNC, and report directly to City Council at its meeting of September 25, 26, and 27, 2006 regarding the proposed terms and conditions of the sale.

SNC has stated that a requirement of building the SNC head office at Bloor/Islington is the relocation and demolition of the TTC's bus terminal on the adjoining property by SNC's occupancy date of August 2009. The TTC's time frame for the design, construction and occupancy of a new Islington bus terminal is December 2010 and for the design, construction and occupancy of a permanent new terminal for Mississauga Transit at Kipling is December 2011, provided budget approval is received from City Council and other funding authorities in 2007. Further investigation is underway of the viability of an interim facility for Mississauga Transit that might advance the possible date that the demolition of Bloor/Islington terminal could occur.

The terms that are under negotiation include:

- Size and configuration of property to be acquired has not yet been confirmed by SNC;
- Agreement on the purchase price has not been reached;
- Size of proposed building has not yet been confirmed by SNC;
- Terms of the supply of 1200 parking spaces, of which 300 spaces would be on-site and the remainder leased from the TTC or the City for varying periods;
- SNC securing zoning by-law variances or amendments which may be required to allow the construction of the proposed building and proposed parking arrangement; and
- Hydro One approval and preparation of agreements for purchase or lease of a portion of the proposed future road alignment (depending on the final site configuration), for the assignment of leases of areas for TTC commuter parking to SNC, and for leasing of additional areas for replacement of TTC commuter parking.

Conclusions:

It is considered appropriate for the Chief Corporate Officer to continue negotiations with representatives of SNC regarding terms and conditions of the proposed sale, and to report directly to City Council for its meeting of September 25, 26, and 27, 2006 regarding the progress of the negotiations and the proposed terms and conditions of the sale.

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List of Attachments: Site Maps

Appendix “A” – Sketch PS-2006-088

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