



**STAFF REPORT
ACTION REQUIRED**

Ground Lease with TD Canada Trust – Carpark 157

Date:	January 10, 2007
To:	General Government Committee
From:	Maurice Andersen
Wards:	Ward 26 Don Valley West
Reference Number:	TPA file no. 5157-00

SUMMARY

The purpose of this report is to obtain the City's approval of the renewal rent for a ground lease at 1511 Bayview Ave. Pursuant to the original ground lease, the term has automatically renewed for a further twenty-one years on substantially the same terms and conditions as the original lease save and except the rental rate, which is to be at fair market rates, to be determined either by agreement between the parties or by arbitration.

RECOMMENDATIONS

The Toronto Parking Authority recommends that:

1. City Council authorize a rent of \$140,000 per annum commencing January 29, 2006, for the renewal term of twenty-one years, pursuant to a ground lease for 1511 Bayview Avenue with Canada Trustco Mortgage Company, entered into in January 29, 1985;
2. The appropriate City officials be authorized and directed to take the actions necessary to give effect thereto.

FINANCIAL IMPACT

There will be no financial impact to the Capital Budget.

DECISION HISTORY

At its meeting on December 4, 1984, Executive Committee of the former Municipality of Metro Toronto, Report 31 Clause 26, approved a lease dated January 29, 1985 to Truscan Realty Limited for a term of 21 years. In addition, at its meeting on July 2 and 3, 1997, Administration Committee of the former Municipality of Metro Toronto (“Metro”), approved an assignment and assumption agreement dated August 26, 1997 by Truscan Realty Limited to Canada Trustco Mortgage Company (“TD Canada Trust”).

ISSUE BACKGROUND

1511 Bayview Avenue was acquired by Metro in 1985 from Truscan (currently TD Canada Trust) and was leased back to Truscan. Truscan agreed to build a branch office and 10 parking spaces, plus a 20 space public parking garage which was subleased to Metro. Funding for the land acquisition was provided by the TPA, and construction of the garage was partly funded by the TPA and partly by Truscan in lieu of rental payments on the land, with the public parking garage to be operated by the TPA, all pursuant to an operating agreement among Metro, the former City of Toronto and Parking Authority of Toronto.

The ground lease to Truscan provided that it would have the option to purchase the lands at the end of its 21 year term for \$1,580,797 or to lease the land at market rent. In either case, the 20 space parking garage sublease would be automatically renewed at a nominal rent and continue to be operated by the TPA for a further 21 years.

The option to purchase has expired, and as TD Canada Trust did not take steps either to buy the land or to terminate the ground lease, the lease automatically renewed. According to the lease, the rent for the renewal term is to be at fair market value, to be agreed upon by the parties or determined by arbitration.

COMMENTS

Measuring approximately 85' x 97', or over 8,200 square feet, Carpark 157 is located at 1511 Bayview Avenue, on the southeast corner of Bayview Avenue and Millwood Road. There are 20 below grade public parking spaces and the site is improved with a 2 storey TD Canada Trust branch located on the corner with 10 parking spaces for its own use. The public parking facility operates 24 hours a day, 7 days a week as a "Pay and Display" type of operation.

The annual rent agreed to for the 21 year renewal term is \$140,000, plus GST, which will be paid retroactively from January 29, 2006. Both parties retained their own independent appraisers to determine fair market land rent, and both appraisals have confirmed that \$140,000 per year is a fair market rent.

CONTACT

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SIGNATURE

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