



STAFF REPORT ACTION REQUIRED

Land Lease at 700 St Clair Ave West

Date:	September 4, 2007
To:	General Government Committee
From:	President, Toronto Parking Authority
Wards:	Ward 21 St Paul's
Reference Number:	TPA File No. 1449-00

SUMMARY

The purpose of this report is to obtain the City's approval to enter into a lease for 700 St Clair Avenue West, to construct and operate an 18 space surface parking facility to service the short term parking needs in the area, on the terms and conditions outlined in the body of this report.

RECOMMENDATIONS

The Toronto Parking Authority recommends that:

1. City Council authorize the land lease, between the City of Toronto as Tenant, the Toronto Parking Authority, and 1127990 Ontario Limited, as Landlord, for a term of fifteen (15) years, commencing no later than June 1, 2008, described as Lot 62, Plan 1365, on the terms and conditions outlined in Appendix A to this report, and in a form acceptable to the City Solicitor; and
2. The TPA to administer and manage the lease including the provision of any consents, approvals, waivers, notices and notices of termination provided that the TPA may at any time refer consideration of such matters (including their content) to City Council for its determination and action
3. the subject lands be designated for municipal parking purposes, to be operated by the TPA;
4. The appropriate City Officials be authorized to take the actions necessary to give effect thereto

FINANCIAL IMPACT

Funds in the amount of \$200,000 were provided in the 2007 Capital Budget (Captor Number TPA907138). The TPA will be contributing \$153,000 towards the construction of the parking facility.

Based on our analysis, Gross Revenue is projected to be \$72,000. Operating Expenses are estimated to be \$84,000, including rent and amortization of construction costs. Although a marginal loss is expected initially, as the area improves with commercial and residential development, the performance of this parking facility is expected to be affected positively.

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

ISSUE BACKGROUND

The site is a single storey retail building originally constructed as restaurant use and is currently being leased on a temporary basis until mid October 2007. This is a busy commercial area containing storefront retail facilities. The TPA has been looking for suitable sites for a number of years to accommodate the high demand for parking in the area and as a result of the St. Clair West streetcar improvements by the TTC, there is a reduction in the supply of parking which creates a greater need for additional parking lots. The placement of a parking lot on this property will help satisfy this need. The TPA had attempted to purchase the site but discovered environmental issues associated with the property during due diligence and consequently terminated the agreement. As the area needs more public parking, alternatives were discussed for the TPA to operate on the site. Subsequently, a 15 year lease has been negotiated with the Landlord constructing an 18 space surface parking facility to TPA.

In addition, a condominium development with commercial at grade is underway at the corner of St. Clair Avenue West and Bathurst. The development will increase commercial activity which will help the performance of this lot as the demand for parking in this area continues to grow.

COMMENTS

Site Location and Particulars

The site is located at 700 St. Clair Avenue West, at the corner of St Clair Ave west and Humewood Drive, just west of Bathurst Street . The site measures 55 feet by 100 feet and is approximately 5,500 square feet. This surface lot will accommodate 18 parking spaces to be operated as a Pay and Display type operation and sits on a corner providing maximum exposure.

Lease Terms

The proposed lease renewal with 1127990 Ontario Limited has the following particulars:

Term:	15 years, commencing no later than June 1, 2008
Renewal Option:	An additional 5 years, on the same terms and conditions, except for a further option to renew
Use	As a municipal parking facility only
Rent	\$36,000 / year with a CPI increase every 5 years. First year's rent will be prepaid with the consecutive years paid monthly.
Taxes	Payable by the TPA
Maintenance and Repair	Responsibility of the TPA
Construction:	The Landlord will be constructing the parking facility to TPA specifications. The TPA will be contributing a maximum of \$153,000 towards the construction of the parking facility. The Landlord will bear any costs over this amount.
Termination	Landlord has the right to terminate at any time during the Renewal Period only, with 1 year notice, in the case of a bona fide redevelopment or arm's length sale of the leased premises.

Other Issues

A lease arrangement with the Landlord frees the TPA from any environmental risk and costs compared to purchasing the property. With respect to capital costs, a maximum of \$153,000 will be allocated to the project and construction to TPA specifications will be the responsibility of the Landlord. Any additional costs over and above the maximum amount will be the Landlord's responsibility.

CONTACT

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SIGNATURE

Gwyn Thomas, President

Appendix A

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