

1132 Leslie Street – License to Sunnybrook Stables Limited for Operation of a Horse Riding Facility in Sunnybrook Park

Date:	November 15 th , 2007
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	Ward 25 – Don Valley West
Reference Number:	P:\2007\InternalServices\F&RE\Gm07129F&RE - (AFS 5675)

SUMMARY

The purpose of this report is to obtain authority to enter into a License Agreement with Sunnybrook Stables Limited for the operation of a horse riding facility in Sunnybrook Park, commencing on January 1st, 2008. The proposed License is for a ten (10) year term with a five (5) year extension option at market value.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. Council authorize entering into a License Agreement with Sunnybrook Stables Limited (the “**Licensee**”) to use and occupy the horse riding facility in Sunnybrook Park, consisting of two residences, two barns/stables, one indoor riding arena and one outdoor riding ring, shown as Parts 1, 2, 3, 4, 6, & 7 on “Appendix B”, (the “**Premises**”) for the operation of a public horse riding stable, commencing on January 1st, 2008 and expiring on December 31st, 2017, substantially on the terms and conditions as set out in “Appendix A” and on such other terms and conditions as approved by the Chief Corporate Officer, or his or her designate, and in a form and content acceptable to the City Solicitor; and
2. the Chief Corporate Officer be authorized to administer and manage the License Agreement including the provision of any consents, approvals, notices and notices

of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.

Financial Impact

The proposed agreement sets a minimum fee of \$137,000.00 per year, for a total of \$1,370,000.00 for the ten (10) year term, commencing on January 1, 2008. Throughout the term, the Licensee will also perform approximately \$128,000.00 of various capital improvements on the buildings. The final cost of these improvements will be amortized against the minimum fee on a straight-line basis throughout the term. This translates into an amortized amount of approximately \$12,800.00 per year that will be credited against the minimum fee owed by the Licensee. As a result, the net revenue to the City will be approximately \$124,200.00 per year for a total of \$1,242,000.00 over the ten (10) year term. This License is fully net and carefree to the City so that all operating and capital maintenance costs are the responsibility of the Licensee.

The revenues are included in the 2008 budget, as submitted, and will be included in future operating budgets.

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

DECISION HISTORY

The Metropolitan Council, by adoption of Clause No. 6 of The Metropolitan Executive Committee Report No. 27 on September 8th, 1978, approved a six (6) year License agreement with the Licensee for the operation of a public horse riding stable, which included the Main Barn, the Westerly Riding Ring and a residential building (known as the “Concession Residence”), shown as Parts 1, 4 and 6, respectively on “Appendix B.”

The Metropolitan Council, by adopting Clause No. 3 of Parks Recreation and Property Committee Report No. 13 on November 10th, 1981 approved construction of an Indoor Riding Area, shown as Part 2 on “Appendix B”, by the Licensee, and a fifteen (15) year extension to the License agreement.

By its adoption of Clause No. 4 of Parks Recreation and Property Committee Report No. 2 on February 19th, 1985, the Metropolitan Council authorized the extension of the term of the License for an additional ten (10) years, expiring in May 2007. Council also authorized the Licensee to construct an additional stable facility (shown as Part 3 on “Appendix B”) adjacent to the Indoor Riding Area. By the same authority, the residence known as “Residence I”, shown as Part 8 on “Appendix B”, was licensed to the Licensee and the majority shareholder of the Licensee.

By Report No. 5(1) Recommendation 9(c) of the Management Committee, adopted by the Metropolitan Council on April 10, 1979, the residence known as “Residence II” in Sunnybrook Park was leased to the majority shareholder of the Licensee.

ISSUE BACKGROUND

In 1978, the Licensee began licensing the Main Barn, Westerly Riding Ring, and the Concession Residence for the operation of a public horse riding facility in Sunnybrook Park. In 1982, the Licensee built a 12,000 square foot indoor riding arena to allow for year-round equestrian programs. In 1985, the Licensee constructed an additional stable and public viewing lounge.

The term of the original License was extended by the Metropolitan Council, and expired on May 31, 2007. The Licensee is interested in continuing to license the Premises to operate the public riding stable. Staff entered into negotiations with the Licensee and have come to an agreement, subject to Council approval.

COMMENTS

The existing Licensee, through its controlling shareholder, has invested significant time and capital into the operations of the current facilities, has demonstrated community involvement and has maintained a neighbourly relationship with Sunnybrook Park and its patrons for almost thirty (30) years. In addition, the Licensee has shown considerable expertise in operating the desired equestrian business on-site.

The rent, terms and conditions of the License Agreement reflect current market value according to market research and valuation conducted by F&RE staff and Hallinan Tautrims Inc. (forensic accounting and business valuation firm). During the License term, the Licensee will be responsible for ongoing repairs and maintenance to the facilities, alongside applicable taxes, utilities and all other costs of operation. The Licensee, at its expense, will also undertake various capital improvements to the facility, which will ensure that the buildings will be maintained in a state of good repair in accordance with City standards.

The Licensee provides a number of community benefits, including the employment of 20 full-time and part-time employees, holiday day camps for children, support for community fundraising and horse riding competitions for adults and young riders. An open-door policy also ensures that patrons and visitors from the community and general public have the opportunity to enjoy the aesthetic value of the facility and the services provided by the stable operation. In addition, the resident staff provide a presence in the park both day and night, which provides an added level of surveillance and security in this area of the park.

In conclusion, the License Agreement presents a market value transaction that provides benefits to the City beyond the financial scope. The Licensee has maintained a good reputation with the City throughout its thirty (30) year history and Staff recommends that the relationship continue based on the terms and conditions of the License Agreement.

CONTACT

Joe Casali.
Director, Real Estate Services
Tel: (416) 392-7202
Fax: (416) 392-1880
jcasali@toronto.ca

Chuck Donohue, P.Eng.
Executive Director, Facilities & Real Estate
(416) 397-5151
(416) 392-4828
cdonohue@toronto.ca

SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix "A" Summary of Lease Terms
Appendix "B" Sketch of Premises
Appendix "C" Location Map