



STAFF REPORT ACTION REQUIRED

Potential Acquisition of 1075 Millwood Road

Date:	April 4, 2008
To:	Budget Committee
From:	Deputy City Manager and Chief Financial Officer General Manager, Parks, Forestry & Recreation
Wards:	Ward 26 – Don Valley West
Reference Number:	P:\2008\Internal Services\ Bc08041F&re – AFS#5889

SUMMARY

The purpose of this report is to secure City Council approval to acquire 1075 Millwood Road (the “Property”), amend the Parks Forestry and Recreation 2008 Capital Budget to fund the acquisition, request a full business plan for the development of an additional indoor ice facility on the site and provide for interim maintenance and use of the site. This site is adjacent to city-owned land known as “Leaside Memorial Community Gardens,” which includes the following facilities; Leaside Memorial Arena, Leaside Memorial Gardens Indoor Pool and the Leaside Curling Club. These lands have the potential to be used for an expansion to the existing Leaside Memorial Community Gardens for an additional ice pad, should the Arena Board come forward with a business case and funding to do so.

The property municipally known as 1075 Millwood Road is currently owned by Her Majesty the Queen in Right of the Province of Ontario as represented by the Minister of Public Infrastructure Renewal (the “Province”). The property is being used by the Ontario Film Review Board. The site is approximately 0.73 ha (1.8 acres) and is improved with a single storey office building and a partial basement. Staff at the City and the Ontario Realty Corporation, as agents for the Province, have agreed to the substantive terms and conditions of a purchase. Appendix “A” to this report describes the salient terms of this proposed acquisition, which is considered fair and reasonable.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer and the General Manager of Parks, Forestry and Recreation recommend that:

1. The 2008 Approved Capital Budget for Parks, Forestry and Recreation be amended by the addition of a new Land Acquisition sub-project, “1075 Millwood Road” for a total acquisition cost of \$1,287,250.00, in order to complete the acquisition of parkland, funded from the Parkland Acquisition Reserve Fund – East York (pre-amalgamation) XR2001 until depleted, then the Parkland Acquisition – York Local Land Reserve Fund XR2033 until depleted, with the balance funded from Parkland Acquisition North Local Land Reserve Fund XR2206.
2. Authority be granted to enter into an Agreement of Purchase and Sale with Her Majesty the Queen in Right of the Province of Ontario as represented by the Minister of Public Infrastructure Renewal to acquire the property municipally known as 1075 Millwood Road in the amount of \$1,245,000.00 on terms and conditions deemed appropriate by the Chief Corporate Officer and in a form satisfactory to the City Solicitor and that each of the Chief Corporate Officer and the Director of Real Estate Services be authorized severally to accept the Offer on behalf of the City.
3. The General Manager of Parks, Forestry and Recreation and the Deputy City Manager and Chief Financial Officer co-ordinate a planning process with the Board of Management of Leaside Memorial Community Gardens to establish a business plan for the development and management of an additional indoor ice pad incorporating the expanded site, satisfactory to both the General Manager of Parks, Forestry and Recreation and the Deputy City Manager and Chief Financial Officer, and that if such a plan should not be possible, other options for development and management of an additional ice pad be explored.
4. The Facilities and Real Estate Division manage the site on a cost recovery basis in the interim period and receive and review Business Case submissions from other divisions for a short-term use of the site, after first consideration given to Parks, Forestry and Recreation requirements.
5. This report be forwarded to the Executive Committee for consideration.
6. The City Solicitor be authorized to complete these transactions on behalf of the City including making payment of any necessary expenses, and amending the closing date and other dates to such earlier or later date(s) and on such terms and conditions as she may from time to time consider reasonable.
7. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

The total cost of this acquisition of \$1,287,250, including all taxes and charges was not identified within the 2008 Capital Budget or the 2009-2012 Capital Plan for Parks, Forestry and Recreation. However, funds are currently available in the Parkland Acquisition Reserve Funds - East York, (pre-amalgamation), and East York Local, and City-Wide to fund this acquisition.

ESTIMATED CLOSING COSTS AND PURCHASE PRICE

Payments to Vendor:	Purchase price	\$1,245,000.00
	Total of all Owner Payments	N/A
Subtotal		\$1,245,000.00
City's Closing Costs:	Land Transfer Tax	\$17,150.00
	Registration Costs	\$100.00
	Phase I and Phase II	\$25,000.00
Net Cost to City		\$1,287,250.00

These lands have the potential to be used for an expansion to the existing Leaside Memorial Community Gardens Arena for an additional ice pad. However, as the City has no plan or Capital Budget provision specifically in place for the development of a facility or a business plan for its operation, the General Manager of Parks Forestry and Recreation and the Deputy City Manager and Chief Financial Officer are requested to work with the Board of Management of Leaside Memorial Community Gardens and other stakeholders to develop a business case and plan. It is estimated that the costs of a capital project to construct a new indoor ice facility would be approximately \$10 million in current dollars.

Until such a plan is developed and moves forward, Facilities and Real Estate is requested to manage the site on a cost recovery basis and facilitate the interim use of the site by Parks Forestry and Recreation and other City Divisions.

DECISION HISTORY

The City of Toronto has been interested in acquiring this site for a number of years. Since 1999, there have been discussions about the potential acquisition between the City and the Province. At the July 4, 2006 meeting, the Administration Committee directed “the General Manager of Parks, Forestry & Recreation and the Chief Corporate Officer to report directly to City Council on July 25, 2006 on the potential acquisition of 1075 Millwood Road”. The confidential report dated July 27, 2006, Administration Committee Report 5, Clause 26, headed “Potential Acquisition of 1075 Millwood Road was considered at the September 25, 26, 27 and 28, 2006 City Council. It set out a

potential acquisition for the site, but at that time, the total price that the Province was asking was too high.

ISSUE BACKGROUND

The 1075 Millwood Road site is owned by the Province and is 0.73 ha (1.8 acres) in area. It is located between the CPR rail right-of-way and Leaside Memorial Community Gardens, which has an area of 2.08 ha (5.1 acres). The site currently has a 1 storey office building with a partial basement and accessory parking spaces. The office building currently houses the Ontario Film Review Board (OFRB). A significant portion of the site is open space. Ontario Realty Corporation (ORC) is responsible for real estate transactions on behalf of the Province.

As directed by the Administration Committee, City Officials attempted to negotiate the acquisition of 1075 Millwood Road with the ORC. The July 2006 confidential report detailed the proposed acquisition. The potential acquisition of the site was based on a negotiated purchase price. In addition, the City would have been required to make a substantial re-accommodation payment to relocate the special tenant improvements required for the OFRB's functions. In the current negotiations, the ORC is not requesting a re-accommodation payment.

This acquisition is necessary if there is any potential of an additional ice pad to be built at Leaside Memorial Community Gardens. Should this site be sold and re-developed for another purpose, this opportunity would be lost. This acquisition is also supported by Parks, Forestry and Recreation in order to expand and improve the functionality of the existing Leaside Memorial Community Gardens facilities, whether or not an additional ice rink is built. The acquisition of this site will allow for a much greater range of recreational activities.

The ice rink and all of the recreational facilities at Leaside Memorial Community Gardens are owned by the City. Parks, Forestry and Recreation is completing work on a provision strategy for indoor ice facilities on a city-wide basis. A Needs Analysis indicates additional indoor ice facilities will be required to meet current needs as well as those needs associated with projected population growth. The Needs Analysis included a review of facility utilization, surveys of groups using municipal indoor ice pads in the City of Toronto and interviews with the representatives of arena boards of management and organized arena users (e.g., hockey leagues). The study has also identified the benefit of steering the City system of indoor ice towards more multi-pad arena facilities, providing a number of benefits to service delivery and more cost effective delivery of indoor ice. The opportunity to acquire the subject lands to support a multi-pad ice facility is consistent with the study's analysis and findings to date.

COMMENTS

When considering acquisitions Parks, Forestry & Recreation recommends purchases based on three key principles:

1. targeted areas that are parkland deficient;
2. purchase land for community recreation centres, sports and trail facilities; and
3. achievement of city-wide objectives related to Our Common Grounds Strategic Plan.

The current city-owned site is an important community facility with meeting rooms and banquet facilities. There is also an outdoor play area that is used by the local community.

Negotiations have resulted in a draft Offer to Sell as outlined in Appendix “A”. Staff considers the substantive terms and conditions to be fair and reasonable and therefore recommend the approval of this transaction.

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SIGNATURE

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ATTACHMENTS

Appendix “A” – Terms and Conditions
Appendix “B” – Location Maps - OFRB Lands (Leaside Memorial Community Gardens)

Appendix “A”

Terms and Conditions – 1075 Millwood Road

Vendor:	Her Majesty the Queen in right of the Province of Ontario as represented by the Minister of Public Infrastructure Renewal
Tenanted by:	Ontario Film Review Board (OFRB)
Location:	1075 Millwood Road, Toronto, Ontario (as shown on Appendix “B”)
Legal Description:	Part of lot 12, Concession 3 From the Bay as in Instrument No. TL14258 and TL 14259 except TL42192 and TL29754; part lot 4, Plan 2747 Leaside as in Instrument No. TL42191; part of Millwood Road, Plan 2747 Leaside closed by by-law TL38940 as in TL42191 subject to TL14259 Toronto, Being all of the land described by PIN 10382-0154 (LT)
Purchase Price:	\$1,245,000.00
Approximate Lot Size:	.73 ha (1.8 acres)
Improvements:	1-storey building - approximately 7,472 ft ²
Due Diligence:	To be determined
Closing Date:	To be determined
Deposit:	Ten (10%) Percent of the Purchase Price
Conditions:	City to satisfy itself that the Property is suitable for the City’s purposes
Vacant Possession:	To be determined