



STAFF REPORT ACTION REQUIRED

Soccer Field and Field House at Keele Reservoir - Designation as a Municipal Capital Facility

Date:	April 1, 2008
To:	Government Management Committee
From:	Treasurer
Wards:	Ward 8 – York West
Reference Number:	P:\2008\Internal Services\Rev\gm08007rev (AFS#7343)

SUMMARY

This report seeks Council authority to adopt the necessary by-laws to designate lands leased by the City to the Toronto Azzurri Soccer Club to operate a soccer field and field house at the Keele Reservoir, 4995 Keele Street, as a municipal capital facility and to provide a property tax exemption for the premises for municipal and education purposes for the lease term of 20 years, commencing on January 1, 2006 and expiring on December 31, 2025.

RECOMMENDATIONS

The Treasurer recommends that:

1. Council pass a by-law pursuant to section 252 of the *City of Toronto Act, 2006*, providing authority to:
 - a. enter into a municipal capital facility agreement with the Toronto Azzurri Soccer Club, the private operator of the soccer field built on City-owned land at Keele Reservoir, located at 4995 Keele Street; and
 - b. exempt the leased lands and the field house at the Keele Reservoir from property taxation for municipal and school purposes, which tax exemption is to be effective from the latest of the following dates: the commencement date of the lease between the Toronto Azzurri Soccer Club and the City, the date the municipal capital facility agreement is signed; or the date the tax exemption by-law is enacted;

2. The City Clerk be directed to give written notice of the by-law to the Minister of Education, the Municipal Property Assessment Corporation, the Toronto District School Board, the Toronto Catholic District School Board, the Conseil Scolaire de District du Centre-Sud-Ouest, and the Conseil Scolaire de District du Catholique Centre-Sud;
3. Council pass a resolution that the above municipal capital facility is for the purposes of the municipality and is for public use;
4. Authority be granted for the introduction of the necessary bills to give effect thereto; and
5. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

The soccer field is currently exempt from paying property taxes as it is owned by the City. However, the land is leased to a tenant that would normally be subject to taxation. The potential annual taxes on the proposed field house and soccer field on the reservoir have been estimated at approximately \$94,090, of which \$48,855 is the City portion, and \$45,235 is the education component. The estimate is based on 2008 commercial tax rates and the current value assessment for the property for 2008, which is \$2,298,190.

Given that the property is not currently taxable, there are no immediate savings or costs from providing a property tax exemption. If the exemption is not put in place, and the property becomes taxable in the future, the property taxes would be payable by the lessee/operator under the terms of the City's lease/licence agreement, with no direct cost implications to the City.

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

DECISION HISTORY

In June 2005, City Council, in considering a proposal for the construction of an on-site field house and operation of a soccer field at the Keele Reservoir, requested that the Director of Revenue Services report to a subsequent meeting of the Policy and Finance Committee on designating the soccer field/field house as a municipal capital facility. The report can be accessed at:

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050614/edp6rpt/cl011.pdf>

The follow-up report, in July 2005, identified that a report and by-law to make the property exempt from taxation would be submitted once the licence agreement between the City and the Toronto Azzurri Soccer Club had been finalized. The report can be accessed at:

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050719/pof7rpt/cl016.pdf>

The lease/licence agreement between the City of Toronto and the Toronto Azzurri Soccer Club was finalized on January 1, 2006, with the City entering into a twenty-year lease commencing on January 1, 2006 and expiring on December 2025, for the construction/operation of an on-site field house, and the operation of an outdoor soccer field at the Keele Reservoir. Council's approval of this agreement can be accessed at: <http://www.toronto.ca/legdocs/2006/agendas/council/cc060131/edp1rpt/cl013.pdf>

COMMENTS

The City's Keele Reservoir property currently consists of two portions of land. One portion, for the reservoir facility, is subject to grant-in-lieu of taxes as a public utility. The second portion, on which the soccer field/field house is located, is currently exempt from property taxation. However, as the land is leased to a tenant that would normally be subject to taxation, a municipal capital facility agreement is required in order provide a tax exemption for this facility.

Municipal Property Assessment Corporation (MPAC) staff have provided an estimated 2008 Current Value Assessment of \$2,298,190 for the proposed field house and existing soccer field. On this basis, if the property was assessed for taxation at 2008 commercial rates, it would be subject to property taxes in the amount of approximately \$94,090 per year, of which \$48,855 is the City portion, and \$45,235 is the education component.

In order to make the soccer field/field house exempt from taxes, Council must authorize the entering into of a municipal capital facility agreement between the City as owner and Toronto Azzuri Soccer Club as the tenant/operator, and approve that the facility be made exempt from taxes, in accordance with the legislative provisions outlined below.

Legislation Regarding Municipal Capital Facilities:

Section 252 of the *City of Toronto Act, 2006* (the Act) allows the council of a municipality to enter into agreements with any person for the provision of municipal capital facilities, and allows the council of a municipality to exempt from taxation for municipal and school purposes, land or a portion of land on which municipal capital facilities are or will be located. Ontario Regulation 598/06 defines eligible municipal capital facilities, and paragraph 16 of section 2 the regulation includes a class of municipal capital facilities for "City facilities used for cultural, recreational or tourist purposes" as eligible capital facilities for the purpose of section 252.

The subject property is recreational property and section 252 of the *City of Toronto Act, 2006* and O. Reg. 598/06 require:

- (a) That the municipal capital facility is, or will be at reversion of the property, owned by the City;
- (b) That the property owner and the City enter into an agreement for the provision of a municipal capital facility for the space being leased;

- (c) That a by-law be passed by Council permitting the City to enter into the agreement, and to exempt the property from taxation for municipal and school purposes to which the municipal capital facilities agreement applies; and,
- (d) That Council declare by resolution that the municipal capital facilities are for the purposes of the City and are for public use.

Once the above requirements are fulfilled by Council, the City Clerk must give written notice of the by-law to the Minister of Education and Training. To facilitate the tax exemption, the City Clerk must also provide a written notice of the contents of the by-law to the Municipal Property Assessment Corporation and the Secretary(s) of the School Board(s).

The land is already owned by the City. According to the lease agreement, the tenant at the end of the lease term must leave the leased premises including all buildings in a state of good repair and working order. Therefore, the requirement under section (a) has already been met.

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SIGNATURE

Cam Weldon
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