

Supplementary Report – Election of Payment of the Outstanding Balance for the Sale of the Closed Lane at the Rear of 585 Queen Street West

Date:	September 29, 2009
To:	City Council
From:	Chief Corporate Officer General Manager, Economic Development, Culture and Tourism
Wards:	Trinity-Spadina - Ward 20
Reference Number:	P:\2009\Internal Services\F&re\Cc09081F&re – (AFS 10233)

SUMMARY

The purpose to this report is to obtain approval to further investigate whether the City should elect to receive payment of the outstanding balance of \$300,000.00 by certified cheque or the conveyance of two storefront condominium units valued at \$300,000.00.

The Toronto Arts Council has expressed interest in entering into a below market rent lease with the City, to program the two storefront condominium units, on a cost recovery basis, as creative incubators. The Toronto Arts Council is currently preparing a business plan for submission to the City. Staff is prepared to review the business plan and submit a report of findings and recommendations to the Government Management Committee for consideration.

RECOMMENDATIONS

The Chief Corporate Officer and the General Manager of Economic Development, Culture and Tourism recommend that:

1. Council refer Item CC40.1 to the Chief Corporate Officer and the General Manager of Economic Development, Culture and Tourism to further consider whether the City should elect to receive the outstanding balance of \$300,000.00 owed to the City from the sale of the lane at the rear of 585 Queen Street West by

certified cheque or by the conveyance of two storefront condominium units (the “Condo Units”) valued at \$300,000.00.

2. The Chief Corporate Officer and the General Manager of Economic Development, Culture and Tourism be requested to invite the Toronto Arts Council (“TAC”) to submit a business plan that would allow TAC to program the Condo Units as creative incubators, should the City elect to acquire the Condo Units, and which in turn would not have any ongoing operational or long-term financial impact on the City.
3. City staff report back to the Government Management Committee no later than its January 2010 scheduled meeting with the results of their review of TAC’s business plan and the parameters of an agreement between the City and TAC for the operation of the Condo Units as creative incubators.

Financial Impact

The potential financial impact of the City electing the conveyance of the Condo Units is presently being assessed and will be included in the report to the Government Management Committee. Accepting the Condo Units would cause the City to forego the option of receiving the \$300,000.00 balance of the sale price for the lane. The City would also be exposed to the financial consequences of ownership of the Condo Units should the idea of an incubator agreement with TAC or another tenant, on a full cost recovery basis, fail to succeed.

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

DECISION HISTORY

Item CC38.15 was deferred at the August 5 and 6, 2009 City Council meeting.

ISSUE BACKGROUND

TAC has expressed interest in entering into a below market rent lease with the City for the Condo Units, to be used as creative incubators on a full cost recovery basis. It should be noted that the City’s current relationship with TAC does not include activities such as these. Should this proposal go forward, City staff would have to assess the City’s relationship with TAC, review TAC’s mandate, and ensure that there are separate accountabilities for such additional activities.

TAC understands that the costs to finish the Condo Units, condominium maintenance fees, utility fees and taxes are not budgeted for by the City and that TAC would be required to assume full responsibility for all such costs.

COMMENTS

Given the recent interest by TAC to enter into a below market rent lease for the Condo Units and program them as creative incubators at no cost to the City, Council is requested to give staff an opportunity to further review how the City should elect to receive payment of the outstanding balance of \$300,000.00 for the sale of the closed lane. The purchaser of the lane, RioCan PS Inc., has agreed to extend the date by which the City must make its election until 2 weeks following the first regular Council meeting in 2010.

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SIGNATURE

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