



STAFF REPORT ACTION REQUIRED

New Market Rent for the Pipeline Easement Agreement on Galaxy Boulevard

Date:	September 23, 2009
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	Ward No. 2 (Etobicoke North)
Reference Number:	P:\2009\Internal Services\F&re\Gm09075F&re – (AFS 9489)

SUMMARY

The purpose of this Report is to seek authority to enter into an amending agreement for applying a new market rental rate for the existing Pipeline Easement on Galaxy Boulevard in favour of Trans-Northern Pipelines Inc.

RECOMMENDATIONS

The Chief Corporate Officer recommends that Council:

1. Grant authority to enter into an amending agreement for applying a new market rental rate of \$5,500.00 per annum, net, plus GST, for the period from December 1, 2006 until November 30, 2016 with respect to the existing Pipeline Easement in favour of Trans-Northern Pipelines Inc., in a form acceptable to the City Solicitor; and,
2. Grant authority to the Chief Corporate Officer to administer and manage the Amending 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 matter (including their content) to City Council for its determination and direction.

Financial Impact

This Amending Agreement will generate annual revenue of \$5,500 net of GST commencing retroactively on December 1, 2006. The total revenue to the City over the ten year term is \$55,000.00 net of GST. There are no outstanding payments under the current terms.

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

DECISION HISTORY

An easement in perpetuity was conveyed by the former City of Etobicoke (the “Transferor”) to Trans-Northern Pipelines Inc. (the “Transferee”) in 1987. The easement agreement provided that the Transferee pay to the Transferor commencing December 1, 1986 an annual rental of \$1,500 for the first ten-year period. The agreement further provided that the annual rental rate for each successive ten year period would be agreed upon between the parties. The Easement Lands, approximately 5 feet wide, running a distance of approximately 2,823 feet with approximate 14,113 square feet (0.324 acres) in total area, are located on the east side of Galaxy Boulevard. .

ISSUE BACKGROUND

The first ten year period expired on November 30, 1996 and no revision for the annual rent was initiated. The second ten year period expired on November 30, 2006, and negotiations were conducted with Trans-Northern Pipelines Inc. and agreement reached to increase the rent for the third ten year period commencing from December 1, 2006 to November 30, 2016 to \$5,500 per annum, plus GST, subject to all other terms and conditions as in the original Pipeline Easement Agreement.

COMMENTS

The Transferee is current with all annual rental payments to-date. The new annual rent for the proposed Amending Agreement reflects current market value according to market research and valuation conducted by Facilities and Real Estate Division staff.

CONTACT

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix “A” – Location Map