



**STAFF REPORT
ACTION REQUIRED
with Confidential
Attachment**

260 Bartley Drive – Acquisition for TTC

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| Date: | October 22, 2009 |
| To: | Government Management Committee |
| From: | Chief Corporate Officer |
| Wards: | Ward 34 – Don Valley East |
| Reason for Confidential Information: | This report is about a proposed or pending land acquisition by the City or one of its agencies, boards and commissions |
| Reference Number: | P:\2009\Internal Services\F&re\Gm09079F&re - (AFS- 10640) |

SUMMARY

The purpose of this report is to seek City Council’s authority to acquire the property known as 260 Bartley Drive (the “Property”) from Business Development Bank of Canada (“BDC”). The Property is required for Revenue Operations staff of the TTC.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. Council adopt the confidential recommendation contained in Confidential Attachment 1;
2. Subject to the TTC obtaining City Council approval for project cost and cashflow in the 2010 Capital Budget and 2011-2019 Capital Plan, City Council grant authority to enter into an Agreement of Purchase and Sale with BDC to acquire the Property substantially on the terms set out in Appendix “A” and Confidential Attachment 1, and such other terms as may be approved by the Chief Corporate Officer in a form satisfactory to the City Solicitor.
3. The City Solicitor be authorized to complete the transaction on behalf of the City including making payment of any necessary expenses, and amending the closing

date and other dates to such earlier date(s) and on such terms and conditions as she may from time to time consider reasonable.

4. The confidential information contained in Confidential Attachment 1 remain confidential.

Financial Impact

Pending City Council approval of the TTC budget, it is noted that there are sufficient funds to acquire the Property in the TTC 2010-2014 Capital Program which was approved by the Commission on September 24, 2009.

The total cost of this acquisition is listed in Confidential Attachment 1.

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

DECISION HISTORY

Revenue Operations staff of the TTC currently occupy the premises at the H.C. Patten building municipally known as 835 Davenport Road consisting of approximately 37,000 sq.ft. It has been determined that for operational issues, the poor structural condition of the floor slab, and the additional loads placed upon the slab as a result of additional coins used with the transit system, the H.C. Patten building can no longer sustain the functions for which it was originally designed. Based on an evaluation conducted by TTC staff, it was concluded that relocation of the current functions would be the most cost effective option. A search of City-owned buildings revealed there was nothing available that would suit TTC's requirements. Market searches revealed the availability of 260 Bartley Drive. This Property contains a building that satisfies Revenue Operations requirements.

ISSUE BACKGROUND

The Property is situated south of Eglinton Avenue East, east of the D.V.P. The site is designated Industrial and Greenbelt and contains approximately 4.73 acres. It is improved with a building containing a gross floor area of approximately 102,500 sq.ft., of which 88,039 sq.ft. is a single storey plant area with 14,461 sq.ft. of office space on two floors. The building is currently vacant.

Environmental tests were not available at the time of writing this report. It has been noted that the Property was used as a foundry at one time and some metal contamination is suspected at the rear of the site. The Agreement will require BDC to remediate the site to meet Ministry of Environment Guidelines during the due diligence period.

From a cursory external inspection, it appears that the Property will require extensive renovations, the cost for which has yet to be determined, and will be the subject of a future report, if necessary.

The Vendor is carrying out the sale of the Property pursuant to the default provisions of its mortgage.

Upon the acquisition of the Property, the Revenue Operations office will vacate the current facility, making it available for use by others resulting in leasing savings or acquisition of other buildings.

Appendix “A” and Confidential Attachment 1 to this report substantially describe the terms and conditions of this proposed acquisition.

COMMENTS

Acquisition of the Property will enable the Revenue Operations office to meet its requirements.

As of the writing of this report, negotiations with BDC have not concluded, and the Offer has not been executed.

Staff considers the terms of the proposed Agreement to be fair and reasonable, and therefore recommends the approval of this transaction.

CONTACT

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SIGNATURE

Bruce Bowes, P. Eng.,
Chief Corporate Officer

ATTACHMENTS

Confidential Attachment 1 – Capital Project Cash Flow and Funding details
Appendix “A” – Terms and Conditions
Appendix “B” – Site Map