



STAFF REPORT ACTION REQUIRED

This report is about a proposed or pending land acquisition by the City or one of its agencies, boards, and commissions.

Acquisition of 457 Spadina Road

Date:	February 24, 2010
To:	Government Management Committee
From:	President, Toronto Parking Authority
Wards:	22 St. Paul's
Reason for Confidential Information:	
Reference Number:	TPA File No. 5164-00

SUMMARY

The purpose of this report is to obtain City Council's approval to purchase 457 Spadina Road (the "Property") (see attached Site Location Map) in order to expand the adjacent Municipal Carpark 164 (453 Spadina Road) located at Thelma Avenue and Spadina Road from 43 spaces to 54 surface spaces. This acquisition will help alleviate a shortfall in public parking while continuing to service the short term parking needs of the surrounding Forest Hill Village community.

RECOMMENDATIONS

The Toronto Parking Authority recommends that:

1. City Council authorize the acquisition of 457 Spadina Road (the "Property") from Sharon Green and Fred Green (the "Vendor") for a purchase price of \$898,000 plus the expenditure of an additional \$255,000 for construction and associated costs such as land transfer tax, survey, environmental studies, legal and brokerage fees for a total acquisition cost of \$1,153,000;
2. Upon acquisition, the purchased lands be designated for municipal parking purposes, to be managed by the TPA;

3. The City Solicitor be authorized to complete the purchase transaction, deliver any notices, pay any expenses and amend the closing and other dates to such earlier or later date(s), on such terms and conditions, as she may, from time to time, determine; and
4. The appropriate City Officials be authorized to take the actions necessary to give effect thereto.

FINANCIAL IMPACT

Capital funds were identified in the 2010 Capital Budget for TPA project No. 103 Forest Hill Village (Captor Number TPA907470 / SAPCPK140). This acquisition is expected to close in the fall of 2010. The property purchase will be funded through TPA revenues. The operating and maintenance costs associated with this facility will not affect the 2010 Operating Budget.

We have retained the services of an independent appraisal firm to determine the Fair Market Value (“FMV”) for the Property. According to the report, the TPA’s purchase price for the Property, while slightly above the estimated market value, is considered fair and reasonable given its location next to our existing parking lot particularly given that the Property will contribute to TPA’s overall net operating profit.

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

DECISION HISTORY

In 1998, the TPA received a petition from local business owners requesting an increase to the number of parking spaces at Municipal Carpark 164, a facility offering a total of 43 surface parking spaces. At the time, the TPA conducted a parking study and determined that there was a parking shortfall of approximately 20 spaces.

At its meeting of April 11th, 12th and 13th, 2000, City Council recommended adoption of a report from the President of the Toronto Parking Authority authorizing a Purchase and Sale Agreement with First Spadina Inc. which involved the sale of air rights and the construction of a residential project that would include a 63 space public parking garage (Clause 7, Report No. 8 of The Administration Committee). Due to circumstances relating to the development, the developer failed to meet the terms and conditions of the agreement and subsequently the entire project was terminated.

In late 2007, the TPA was approached by the local BIA and the local Councillor to investigate the viability of building a stand alone parking facility on the existing property. At its meeting of June 17th, 2008 (Minute 08-088), the TPA Board of Directors granted approval in principle to pursue a development initiative for a stand-alone public parking garage accommodating approximately 85 spaces. The TPA retained the services of an Architect / Engineer Consultant to prepare detailed design and tender documentation. At the completion of the preliminary design phase, a cost estimate was prepared which revealed that the project was not financially viable.

ISSUE BACKGROUND

Over the last number of years, the TPA has identified that the Forest Hill Village neighbourhood as having a significant parking shortfall. The TPA reviewed a number of expansion options for the existing 43 space surface parking facility. These options included (i) a three-level garage with 81 parking spaces; (ii) a two-level garage with 65 spaces; (iii) a two-level garage with 71 spaces built to occupy within the adjacent road allowances; and finally (iv) acquiring the adjacent property immediately to the north and redesign the entire parking facility adding 11 new parking spaces for a total of 54 spaces. The extensive exercise in design and cost analysis to construct a stand alone municipal parking garage structure proved financially non-viable and although a complete redevelopment of the site was not considered, the plan would have received very little support from local businesses, area residents or either of the two area Councillors. Ultimately, the TPA determined that acquiring the property immediately to the north of the existing carpark was the best alternative to achieve an expansion of the existing facility in order to meet the increased parking needs of the area. The TPA submitted an offer to purchase the Property immediately to the north at 457 Spadina Road.

The TPA has met with the local Business Improvement Association (“B.I.A.”), the residents association as well as both area Councillors who are all in support of the acquisition.

COMMENTS

Site Location and Particulars

The Property has a 26.75’ frontage along Spadina Road and a depth of 108’ and is improved with a two storey residential dwelling. Combining this property with Municipal Carpark 164 will create a parking lot with a total frontage along Spadina Road of 132.98’ and a depth of 108.92’ (an irregular site). With the additional frontage offered through the acquisition of the Property, the TPA will be able to add approximately 11 surface parking spaces as well as help improve our ability to green the lot without losing any existing parking spaces.

Parking Supply and Demand Analysis

A review of parking utilization at on-street locations was undertaken in the summer of 1998 with follow-up counts in October of the same year. The on-street spaces were utilized above 90% of capacity for lengthy periods during the day. Parking demand estimates indicate that a shortfall of 20 spaces existed at that peak time. This 20-space shortfall is confirmed by usage patterns at the existing lot. The additional 11 spaces will be utilized initially for discretionary long stay parking in anticipation of future increases in short stay demand.

Summary of Purchase Agreement – 457 Spadina Road

Summarized below are the basic terms and conditions of the purchase agreement for 457 Spadina Road between the Sharon Green and Fred Green (the “Vendor”) and the TPA / City (as “Purchaser”):

1. Purchaser – Toronto Parking Authority / City of Toronto;
2. Vendor – Sharon Green and Fred Green;
3. Purchase Price – \$898,000;
4. Deposits - \$50,000 was paid in Trust;
5. Purchaser’s Conditions – The TPA has until April 6, 2010 to waive all of its conditions including pending TPA Board and City approval of the business terms of this transaction; and
6. Closing – Shall take place on the 180th day following written waiver by the TPA of the purchase agreement.

Financial Analysis and Conclusion

Upon completion of the acquisition of the Property, the sale of the Development Lands, and the construction of the expanded parking facility, the total development cost to the TPA of creating this added parking is estimated to be \$1.153 million. The resulting internal rate of return (IRR) based on a projected 20-year cash flow meets and well exceeds the TPA's usual minimum required IRR of 5%. The Toronto Parking Authority has been looking for suitable sites to accommodate the high demand for parking in the area. The creation of this facility will provide additional parking for this area to better service the parking needs of the community at an appropriate cost and IRR to the TPA.

CONTACT

Gwyn Thomas
President, Toronto Parking Authority
Phone: (416) 393-7276
Fax: (416) 393-7352
gwthomas@toronto.ca

Lorne Persiko
Vice President, Real Estate & Development
Phone: (416) 393-7294
Fax: (416) 393-7352
lpersiko@toronto.ca

SIGNATURE

Gwyn Thomas, President

ATTACHMENTS

Site Location Map

SITE LOCATION MAP

