



**STAFF REPORT
ACTION REQUIRED**

**George Brown College Waterfront Campus – Block 3
(Dockside) Academic Building – East Bayfront**

Date:	November 17, 2015
To:	Executive Committee
From:	Deputy City Manager , Cluster B
Ward:	28
Reference Number:	P:\2015\Cluster B\WF\EX15008

SUMMARY

George Brown College (GBC) has, for the past five years, held an option to lease Block 3 of Dockside in the East Bayfront, a 0.23 ha (0.6 acre) City-owned land parcel immediately north of the College's existing academic building (see Attachment 1). The option will expire on December 31, 2015. The option, if exercised, would allow GBC to construct and operate a student residence building on Block 3 under a 99 year ground lease.

At this time, the College is no longer interested in pursuing a student residence on the lands; instead, GBC is interested in developing a second academic building focused on innovation and technology. A child care centre, operated as a training facility for GBC's Early Childhood Education students, would also be accommodated. The proposed changes of use are considered acceptable to City staff and to Waterfront Toronto (WT), the City's development partner in the East Bayfront.

In the absence of Provincial government funding for capital expansion, GBC recently decided to use its own financial resources to develop Block 3. GBC has concerns with proceeding on the basis of a ground lease and has advised that a fee simple conveyance is needed in order to make the proposed academic building viable. Council's approved principles for the management of City-owned waterfront lands include making every reasonable effort to retain City ownership of non-residential developments where market conditions permit; however, in an effort to make sure that GBC is successful in developing Block 3, staff are of the view that GBC's request for fee simple conveyance should be considered as an option.

This report seeks authorization for City staff to review the Block 3 academic building proposal brought forward by GBC through WT, including the College's request for fee simple conveyance. Once this review has been concluded, staff would report back to Executive Committee and Council with a recommendation for either a long-term ground lease or sale, with the associated terms. The report would come forward in Q2 of 2016.

RECOMMENDATIONS

The Deputy City Manager, Cluster B recommends that:

- (1) City Council approve the proposed change of use for Block 3 of Dockside, from a student residence to an academic building and child care facility; and
- (2) City Council direct the Deputy City Manager, Cluster B to review the Block 3 proposal by George Brown College, submitted through Waterfront Toronto, and report back to Executive Committee and Council with recommendations on terms for either a long-term ground lease or fee simple conveyance.

FINANCIAL IMPACT

There is no financial impact arising from Council's approval of the recommendations in this report.

DECISION HISTORY

On July 25, 26 and 27, 2006, Council approved a report entitled "Toronto Waterfront Revitalization Initiative – East Bayfront Business and Implementation Plan". The plan called for non-residential uses in the East Bayfront and identified the need to pursue strategic employment opportunities. In this regard, WT identified the post-secondary education sector as a potential anchor in the East Bayfront.

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060725/pof6rpt/agendain.pdf>

On July 16, 17 18 and 19, 2007, Council approved a report entitled "Streamlining Waterfront Revitalization in East Bayfront". The report authorized the transfer of lands owned by TEDCO in East Bayfront, excluding the Corus Entertainment site, to the City of Toronto. Blocks 3, 4 and 5 were part of the transfer.

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-07-16-cc11-dd.pdf>

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-12-11-cc15-dd.pdf>

In accordance with the City's Real Estate Disposal By-law, 814-2007, Blocks 3, 4 and 5 were declared surplus on October 21, 2008 (DAF No. 2008-180), with the intended manner of disposal to be through a long-term lease with GBC.

At its December 1, 2, and 3, 2008 meeting, Council approved a report entitled “Staff Due Diligence Review of the Proposed George Brown College Campus – East Bayfront” authorizing City staff to enter into a long-term ground lease with GBC for all of Blocks 3, 4 and 5.

<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-12-01-cc27-dd.pdf>

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At its October 26 and 27, 2009 meeting, Council approved a report entitled "Revised Ground Lease - George Brown College Waterfront Campus – East Bayfront" authorizing an academic use on Blocks 4 and 5 under a long-term ground lease. Council also granted GBC an option for a long-term ground lease for a student residence building on Block 3.

<http://www.toronto.ca/legdocs/mmis/2009/cc/minutes/2009-10-26-cc41-mn.htm>

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ISSUE BACKGROUND

GBC opened its Health Sciences academic building on Blocks 4 and 5 in 2012. The term of its lease is 103 years (a 4-year design and construction period followed by a 99-year term). Capital construction was largely funded through government grants/programs. Today, GBC has over 3,500 full time and 1,500 part time students attending classes at its waterfront campus. The building houses approximately 200 full-time employees and 500 part-time employees. The building is also a hub offering health care services to the larger community, including a dental clinic, a hearing testing clinic and facilities related to community health promotion and active living counselling (particularly for seniors). The campus building has won numerous awards for its design and architecture. GBC is a significant employer and is considered a valued contributor to the vibrancy of the emerging East Bayfront community.

GBC wants to develop Block 3 and expand its waterfront campus. City and WT staff have been working with the College for several years to realize this.

COMMENTS

While the College's initial plan was to use Block 3 for a student residence, GBC has prioritized its need for additional academic space over a student residence, particularly since it was able to acquire and build a student residence in the nearby West Don Lands. The College's revised plan for Block 3 is for an academic building serving the innovation, technology and related sectors, including "informatics", additional health sciences programming and applied research. These uses fit well with the innovation focus of the eastern waterfront. GBC's interest in locating a child care centre in the building is also of interest given that planning for East Bayfront envisions two child care centres in order to serve the future needs of the community.

To date, the disposition of City-owned land in East Bayfront has been in accordance with Council direction that non-residential projects be implemented through long-term ground leases while residential projects be developed on the basis of freehold conveyances. In

addition to the GBC leased and option lands, two future commercial sites in Bayside (Hines) were approved based on long-term ground leases (see Attachment 2 for locations of developments). In addition, staff are anticipating a report from WT on the Waterfront Innovation Centre which has also been offered based on a long-term ground lease; the RFP for the project does allow for the proponent to make a freehold offer (in addition to a land lease offer), although Council is under no obligation to accept it. Corus Entertainment, a non-residential project in East Bayfront, was managed differently because it involved the sale of a TEDCO-owned and developed building – not vacant land – and it was in the City's interest to sell the asset at the time. The remainder of the developments in the East Bayfront are residential. These properties have or will be sold outright, in keeping with Council's direction.

At the present time, the College has an option on a long-term ground lease related to Block 3, similar in terms to the existing ground lease for Blocks 4 and 5. In the absence of Provincial government funding, GBC has resolved to proceed with capital expansion on Block 3 using its own resources, with the request that the College be able to purchase the property. The City and WT have met with GBC to discuss this request, as well as to review the College's concerns with a long-term ground lease. Council direction is needed so that staff can take this discussion further and explore the full range of options for conveying Block 3 to GBC. Once this direction is given, staff can advance negotiations with GBC and WT, concluding with a report to Executive Committee and Council recommending either a long-term ground lease or sale, together with the associated terms.

GBC is proposing to locate a child care centre in the Block 3 building, together with the requisite outdoor play space. As was noted earlier, there are two planned child care centres required in East Bayfront, and this proposed facility could be one of these. An added benefit is that this child care centre would be used as a training facility for students in GBC's Early Childhood Education program. The terms of its operation would be part of the staff report that would come forward in Q2 of 2016.

The potential for a joint municipal/GBC recreation centre has been explored since the College first discussed locating in the East Bayfront. Initially, the plan was to locate a recreation centre on Block 5. In the absence of adequate space in the future academic building, a more modest recreation centre of up to 25,000 sq. ft. has been explored on Block 3 during the Option period. However, it has been determined that Block 3 is too small to accommodate a recreation centre that would satisfy the requirements of the College combined with the requirements of the City. In particular, the fact that a large part of the recreation facility would be required to be located below grade has rendered the concept unworkable given the City's standards for municipal recreation facilities. Accordingly, a municipal recreation facility is not part of GBC's proposal going forward. Instead, City staff are working with WT and Hines to locate a recreation centre in Bayside, further east in the East Bayfront.

This report has been prepared by the Waterfront Secretariat, with input from Real Estate Services, Legal Services, Corporate Finance and WT.

CONCLUSION

With Council's adoption of this report, City staff would meet further with GBC and WT to explore GBC's concerns with a long-term ground lease and their rationale for seeking the fee simple purchase of Block 3. Once this process has concluded, staff would bring forward a report to Executive Committee and Council, recommending either a long-term ground lease or fee simple conveyance. Depending on which option is recommended, staff would present the terms of the transaction for Council's consideration, including a lease/purchase price.

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SIGNATURE

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Attachments:

Attachment 1 – Dockside Subdivision
Attachment 2 – East Bayfront Land Ownership

Attachment 1 – Dockside Subdivision

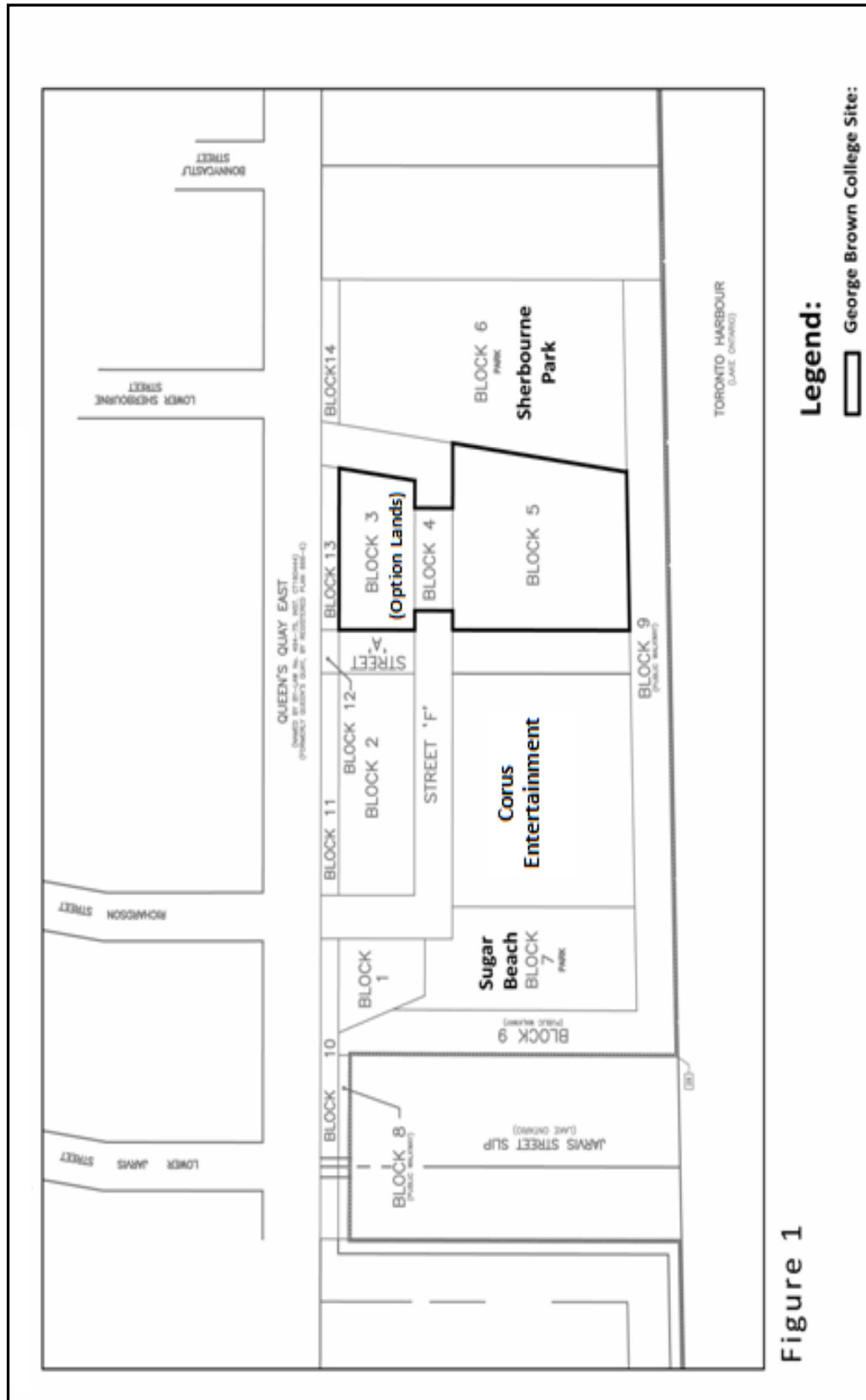


Figure 1

Attachment 2 – East Bayfront Land Ownership

