



## Decision Letter

### CreateTO

<b>Meeting No.</b>	24	<b>Contact</b>	Carol Kaustinen, Committee Administrator
<b>Meeting Date</b>	Monday, September 13, 2021	<b>Phone</b>	416-338-5089
<b>Start Time</b>	1:30 PM	<b>E-mail</b>	trab@toronto.ca
<b>Location</b>	Video Conference	<b>Chair</b>	Ron Carinci

RA24.10	ACTION	Amended		Ward: 10
---------	--------	---------	--	----------

#### The Wellington Destructor - 677 Wellington Street West

**Confidential Attachment - a position and plan to be applied to negotiations carried on or to be carried on by or on behalf of CreateTO or the City of Toronto.**

#### Board Decision

The Board of Directors of CreateTO recommends that:

1. City Council approve the negotiated term sheet between the City of Toronto and the recommended Head Lessee proponent (named in Confidential Attachment 1) for a long term ground lease of 677 Wellington Street West, as outlined in revised Confidential Attachment 2 to the report (August 30, 2021) from the Chief Executive Officer, CreateTO, subject to the necessary City of Toronto approvals and on terms and conditions acceptable to the City Solicitor.

#### Decision Advice and Other Information

The Board of Directors of CreateTO:

1. Directed that Confidential Attachments 1 and Revised Confidential Attachment 2 to the report (August 30, 2021) from the Chief Executive Officer, CreateTO be made public, once negotiations are complete and at the discretion of the Chief Executive Officer.
2. Directed the Board Secretary to transmit the Board's decision to City Council for consideration when the City staff report is submitted.

The Board of Directors of CreateTO recessed its public session to meet in closed session to consider the item as it pertains to a position and plan to be applied to negotiations carried on or to be carried on by or on behalf of CreateTO or the City of Toronto.

#### Origin

(August 30, 2021) Report from the Chief Executive Officer, CreateTO

## **Summary**

The purpose of this report is to seek comments from the Board of CreateTO on the proposed commercial terms of a long term ground lease for the Wellington Destructor property located at 677 Wellington Street West, as outlined in Confidential Attachment 2, to ensure that the terms, beyond those contained in the City's Request for Proposal and the proponent's proposal, are commercially reasonable and reflect the requirements of the Wellington Destructor Head Lessee Request for Proposal, issued by Corporate Real Estate Management.

At its meeting on April 24, 25, 26 and 27, 2018, City Council authorized the Deputy City Manager, Internal Corporate Services to develop and undertake a call process to seek and secure a Head Lessee for the long-term lease of the Wellington Destructor and to report back on the call process with final recommendations. The report also outlined a process for Real Estate Services (now Corporate Real Estate Management) to engage with CreateTO in the determination of commercial terms related to the proposed head lease agreement and ongoing property management of the building prior to reporting back to Council.

Corporate Real Estate Management (CREM) has completed the two-stage call process and proposals were evaluated by an inter-divisional and inter-agency evaluation team including CreateTO. Confidential Attachment 1 to this report outlines the process undertaken by CREM to seek and select a Head Lessee, as well as provides details on the Head Lessee proponent selected. CreateTO has subsequently negotiated the major terms of the head lease agreement to limit risks to the City, as Landlord, and to maximize the obligations of the Head Lessee, as Tenant.

The Wellington Destructor is a 3,700 square metre, purpose-built garbage incinerator that was constructed in 1925 and remained in active use until the incineration of solid waste was halted in the mid-1970s. The building was adapted to be used as a transfer station until 1986, at which time it was decommissioned. The building has been vacant since. In 2013, the Wellington Destructor property was transferred to the Real Estate Services Division, at which time, the building was deemed to be unsafe due to extensive structural repairs required and health and safety concerns. Work was undertaken in 2016 to secure and mothball the site to protect the building until such time as permanent and appropriate uses have been determined.

The Destructor site presents an opportunity for the adaptive reuse of an existing City-owned heritage building as a cultural and community hub, with employment and commercial uses that could generate new income, as well as complement and support the existing and proposed employment uses of the surrounding area.

The Board of Directors of CreateTO is requested to review and recommend the negotiated term sheet between the City of Toronto and the recommended Head Lessee proponent, in anticipation that City staff will bring forward a report to General Government and Licensing Committee and City Council in October and November 2021 to approve the City the staff administered Wellington Destructor Head Lessee call process and selected proponent.

## **Background Information**

(August 30, 2021) Report and Attachment 1 from the Chief Executive Officer, CreateTO on The Wellington Destructor - 677 Wellington Street West

(<http://www.toronto.ca/legdocs/mmis/2021/ra/bgrd/backgroundfile-170337.pdf>)

Confidential Attachment 1 - Head Lessee Proponent and Project Proposal

Confidential Attachment 2 - Major Terms and Conditions of Lease Agreement

Revised Confidential Attachment 2 - Major Terms and Conditions of Lease Agreement