Acquisition of 1624 Queen Street West

<table>
<thead>
<tr>
<th>Date:</th>
<th>March 21, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>To:</td>
<td>Government Management Committee</td>
</tr>
<tr>
<td>From:</td>
<td>President, Toronto Parking Authority</td>
</tr>
<tr>
<td>Wards:</td>
<td>14 Parkdale – High Park</td>
</tr>
<tr>
<td>Reference Number:</td>
<td>TPA File No. 1248-00</td>
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SUMMARY

The purpose of this report is to obtain City Council’s approval to purchase a property municipally known as 1624 Queen Street West (the “Property”) from 568314 Ontario Limited (the “Vendor”) in order to construct and operate a surface parking facility having between 35 and 38 spaces in order to service the short term parking needs of the surrounding Parkdale / Roncesvalles Village BIA neighbourhood.

RECOMMENDATIONS

The Toronto Parking Authority recommends that:

1. City Council authorize the acquisition of 1624 Queen Street West from 568314 Ontario Limited for a purchase price of $2,680,000 plus the additional expenditure of approximately $370,000 for construction and associated costs such as land transfer tax, survey, environmental studies, legal and brokerage fees for a total acquisition cost estimate of $3,050,000;

2. City Council approve reallocation of capital funds provided in the 2011 Capital Budget from the Queen / Soho project (Captor Number TPA907607 and SAP Number CPK167) to the Roncesvalles South project (Captor Number TPA906715) in the amount of $1,050,000 in order to facilitate the purchase and construction of the carpark;

3. City Council approve the required reallocation of capital funds provided in the 2011-2020 Capital Plan for the Queen / Soho project and the Roncesvalles South project as indicated in the Financial Impact statement of this report;
4. Upon acquisition, the purchased lands be designated for municipal parking purposes, to be managed by the TPA; and

5. 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.

FINANCIAL IMPACT

Total funding of $3.050 million is required to proceed with the purchase of the property for the new carpark. Funds in the amount of $1.050 million are recommended to be transferred from the Queen / Soho project (Captor Number TPA907607 and SAP Number CPK167) to the Roncesvalles South project (Captor Number TPA906715). Additional funds in the amount of $2 million currently planned for 2015 in the Roncesvalles South project are recommended to be advanced to 2011.

The Queen / Soho project is not expected to proceed in 2011 with required funding deferred to 2012 / 2013. The total project cost for the Queen / Soho project and its projected timing will be reviewed as part 2012 Capital Budget process with any additional requirements funded through retained earnings.

The recommended changes to the expenditures in 2011-2020 Approved Capital Plan are shown in the following table:

<table>
<thead>
<tr>
<th>Project ($000s)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved Queen/Soho Plan</td>
<td>4,000</td>
<td>4,000</td>
<td></td>
<td></td>
<td>8,000</td>
<td></td>
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<tr>
<td>Reallocate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1,050)</td>
<td></td>
</tr>
<tr>
<td>Defer</td>
<td>(2,950)</td>
<td></td>
<td>2,950</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revised Queen/Soho Plan</td>
<td>-</td>
<td>4,000</td>
<td>2,950</td>
<td></td>
<td></td>
<td>6,950</td>
</tr>
<tr>
<td>Approved Roncesvalles South Plan</td>
<td>-</td>
<td></td>
<td></td>
<td>2,000</td>
<td></td>
<td>2,000</td>
</tr>
<tr>
<td>Reallocate</td>
<td>1,050</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,050</td>
</tr>
<tr>
<td>Accelerate</td>
<td>2,000</td>
<td></td>
<td></td>
<td>(2,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revised Roncesvalles South Plan</td>
<td>3,050</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,050</td>
</tr>
<tr>
<td>Net Change</td>
<td>(950)</td>
<td></td>
<td>2,950</td>
<td></td>
<td>(2,000)</td>
<td>None</td>
</tr>
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</table>

The subject property purchase has no net impact on the TPA Capital Plan as the additional funding is being offset by a reduction in funds approved for another project which is not expected to proceed in 2011 due to the timing of development. The TPA’s 10-Year Capital Plan is fully funded through current and future retained earnings. The operating and maintenance costs associated with this facility will be fully offset by new parking revenues resulting in an expected increase in net income. This acquisition is expected to close in the spring of 2011.
An independent appraisal firm has been retained to determine the Fair Market Value (“FMV”) for the Property. According to the report, the TPA’s purchase price for the Property is considered fair and reasonable and reflective of fair market value.

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

ISSUE BACKGROUND

Over the last number of years, the TPA has identified the Parkdale / Roncesvalles neighbourhood as an area of change and transitioning similar to that of areas immediately to the east. As a result, the TPA has been looking for suitable sites within the Parkdale / Roncesvalles Village BIA neighbourhood for a number of years to accommodate the current as well as anticipated demand for parking in the area. The purchase of this property will help satisfy this need. The TPA submitted an offer to purchase the property and it was accepted on January 26, 2011.

The TPA has met with the local Councillor and he is in support of the acquisition.

COMMENTS

Site Location and Particulars

The subject property, positioned on the north-west corner of Queen Street West and Callender Street (a one-way arterial roadway travelling south to Queen) is located a short distance east of Roncesvalles Avenue (see attached Site Location Map). The Property, improved as a detached single storey neighbourhood commercial plaza having ancillary surface parking along its frontage, measures approximately 125’ x 100’ (see attached Property Survey and Appendix ‘A’ – Photos of Subject Property).

The Property which is currently vacant and not tenanted is positioned within a busy commercial / residential neighbourhood known as West Parkdale with Queen Street being a major two-way arterial roadway. Commercial related uses including storefront retail predominate along Queen Street. Residential uses are found north and south of Queen Street while higher density residential uses are located further to the west and east of the Property. Immediately bordering the property to the north is a public access laneway.

A redevelopment of the Property into a public parking facility will result in a site that will be capable of accommodating between 35 and 38 surface spaces to be operated as a Pay and Display type operation. Although the Carpark Development Plan remains preliminary, the Property benefits from good exposure along the Queen Street frontage, a generous boulevard area along the Callender Street frontage and a service laneway which runs along its north perimeter. In accordance with TPA development standards, the TPA will investigate the introduction of a number of ‘greening’ elements to the redevelopment of the site, particularly along the Queen Street and Callender Street frontages.

Parking Supply and Demand Analysis

Observations of the parking supply and demand in the vicinity of the subject site were undertaken in February 2011. The study indicates that this lot is expected to experience moderate usage levels during the week and stronger levels of usage and turnover on weekend days, particularly in the summer months. We are anticipating that within the
next 5 to 10 years, the existing neighbourhood will begin to transition as is currently being experienced a short distance to the east at Dufferin Street within the ‘Queen West’ district where there has been a significant level development and intensification in terms of residential condominium developments. Given that the existing neighbourhood is still evolving, it is expected that commercial activity and by extension thereof parking usage will continue to intensify over the near term.

The Property is currently vacant and the proposed purchase will open up its use to the public and help to accommodate the current as well as anticipated demand for parking in the immediate area.

**Summary of Purchase Agreement – 1624 Queen Street West**

Summarized below are the basic terms and conditions of the purchase agreement for 1624 Queen Street West:

1. Purchaser – Toronto Parking Authority (title to be taken in the name of the City of Toronto);
2. Vendor – 568314 Ontario Limited;
3. Purchase Price – $2,680,000;
4. Deposit - $40,000 was paid to the Listing Brokerage in Trust;
5. Purchaser’s Conditions – The TPA has until April 21, 2011 to waive all of its conditions including pending TPA Board and City approval of the business terms of this transaction; and

**Financial Analysis and Conclusion**

Upon completion of the acquisition of the Property and the construction of the parking facility, the total development cost to the TPA of creating this parking facility is estimated to be $3,050,000. The resulting internal rate of return (IRR) based on a projected 20-year cash flow exceeds the TPA’s minimum required IRR and is estimated at 6.80%. The Toronto Parking Authority has been looking for suitable sites to accommodate the 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**

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SIGNATURE

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Gwyn Thomas, President

ATTACHMENTS
Site Location Map
Property Survey
Appendix ‘A’ – Photos of Subject Property
Staff report for action on the acquisition of 1624 Queen Street West
Staff report for action on the acquisition of 1624 Queen Street West
Appendix 'A'
Photos of Subject Property

Photo 1 - View west along Queen St from Calender St

Photo 2 - View north along Calender St from Queen St W
Staff report for action on the acquisition of 1624 Queen Street West