Licence for Finch Station TTC Commuter Parking Lot on Hydro Corridor

<table>
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<tr>
<th>Date:</th>
<th>January 12, 2012</th>
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<tr>
<td>To:</td>
<td>Government Management Committee</td>
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<tr>
<td>From:</td>
<td>Chief Corporate Officer</td>
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<tr>
<td>Wards:</td>
<td>Finch Station (West Parking Lot): Ward 23 (Willowdale) and Finch Station (East Parking Lot): Ward 24 (Willowdale)</td>
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<tr>
<td>Reference Number:</td>
<td>P:\2012\Internal Services\RE\Gm12004re(AF14941)</td>
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**SUMMARY**

The purpose of this report is to obtain authority to enter into a new licence agreement to accommodate Toronto Transit Commission's (TTC's) requirements for commuter parking purposes at the east and west parking lots of the Finch Subway Station.

**RECOMMENDATIONS**

The Chief Corporate Officer recommends that:

1. City Council grant authority to enter into a new Licence Agreement of the east and west parking lots at the Finch Subway Station (the "Lands") with Her Majesty The Queen In Right Of Ontario as represented by The Minister Of Infrastructure and/or Ontario Infrastructure And Lands Corporation, or any related or designated entity (the "Licensor"), consisting of a licensed area of approximately 24.968 acres, a maximum five (5) year Term commencing January 1, 2012, and based substantially on the terms and conditions as set out in Appendix "A", subject to such further revisions and other terms and conditions as may be deemed appropriate by the Chief Corporate Officer and in a form satisfactory to the City Solicitor.
2. The Chief Corporate Officer be authorized to administer and manage the Licence including the provision of any consents, approvals, notices and notices of termination, provided that the Chief Corporate Officer may, at any time, refer consideration of such matter (including their content) to City Council for its determination and direction.

**Financial Impact**
The total expenditure for this 5 year Licence commencing from January 1, 2012 and expiring on December 31, 2016 will be $4,834,253.65 net of HST including the City's share of the annual realty taxes or grants in lieu thereof, plus applicable HST, all as detailed below. Funds are available in Cost Centre TT0010.

<table>
<thead>
<tr>
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<th>Annual expenditure</th>
<th>Total Expenditure for 5 years (January 1, 2012 - December 31, 2016)</th>
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<tr>
<td>Licence Fee</td>
<td>$721,451.00</td>
<td>$3,607,255.00</td>
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<tr>
<td>Realty Taxes</td>
<td>$38,797.13</td>
<td>$193,985.65</td>
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<tr>
<td>Back rent (May 1, 2007 to Dec 31, 2011)</td>
<td>-</td>
<td>$1,033,013.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$4,834,253.65</strong></td>
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The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

**DECISION HISTORY**
The Metropolitan Council on June 23, 1978, by adoption of Clause No. 24 of Report No. 23 of The Metropolitan Executive Committee, and on February 27, 1979, by adoption of Clause No. 8 of Report No. 3 of The Parks, Recreation and Property Committee, previously approved the leasing of a total of approximately 27.449 acres on Ontario Hydro right-of-way located on the west and the east side of Yonge Street north of Finch Avenue, for five years terminating November 30, 1982, at a rental of $135,258.00 per annum, plus 50 per cent of the annual grant in lieu of taxes.

The Metropolitan Council on January 18, 1983, by the adoption of Clause No. 20 of Report No. 2 of The Metropolitan Executive Committee, subsequently approved the relinquishing of approximately 0.375 acres of the area leased from Ontario Hydro to GO Transit in order that GO Transit may expand its York Regional Bus Terminal facilities at this location.
The area to be leased was then further reduced by 0.189 acres which Ontario Hydro conveyed to the City of North York for road dedication purposes with the result that the amended actual area available for lease was reduced to approximately 26.885 acres.

The Metropolitan Council on June 10, 1983, by adoption of Clause No. 19 of Report No. 15 of The Metropolitan Executive Committee approved the leasing of 25.816 acres of these 26.885 acres of Ontario Hydro right-of-way located on the west and east side of Yonge Street north of Finch Avenue, for five years terminating November 30, 1987, at a rental of $212,982.00 per annum, plus 50 per cent of the annual grant-in-lieu of taxes.

In terms of the remaining 1.069 acres of the 26.885 acres included in the lease, it was noted that the 1.069 area was designated as a buffer strip in order to separate the parking area from residential properties abutting these lands. The Toronto Transit Commission is responsible for the maintenance and landscaping of these strips, as appurtenances to the parking lots. In view of the fact that the City would not be able to make any productive use of the 1.069 area, Ontario Hydro agreed not to charge rent for this 1.069 area but the City was, in fact, required to pay 100 per cent of the annual grant-in-lieu of taxes.

The Metropolitan Council, by adoption of Clause No. 9 of Report No. 11 of the Parks, Recreation and Property Committee on October 16, 1987, authorized the renewal of the lease in approximate area of 25.816 acres from Ontario Hydro for a term of five years effective December 1, 1987, at a rental of $440,200.00 per annum, plus 50 per cent of the annual grant in lieu of taxes.

Metropolitan Council, on April 20, 1994 by adoption of Clause No. 9 of Report No. 4 of the Parks, Recreation and Property Committee, authorized the renewal of the lease agreement with Ontario Hydro for a further term of five years commencing December 1, 1992 and ending November 30, 1997 at the rate of $418,233.00 per annum, plus 50 per cent of the annual grant-in-lieu of taxes and G.S.T.

As authorized by DAF No. 2000-139 on October 3, 2000, the Lease Agreement was renewed for five years commencing December 1, 1997 and ending November 30, 2002 in approximate area of 24.968 acres at a rental of $451,400 per annum, net, plus 75 per cent of the annual realty taxes or grant-in-lieu thereof.

**ISSUE BACKGROUND**

Since the expiry of the earlier lease, as amended and renewed, from December 1, 2002 to-date, the City has been an over-holding tenant. Since the Licensor has advised that the property owner of the Lands is now the Province as represented by Ontario Infrastructure And Lands Corporation and that a new licence agreement must be entered into with the new property owner, it is appropriate to now obtain new authority to Licence the Lands.
COMMENDS
Negotiations on the terms of this Licence have been on-going for some time as a result of differing opinions on the value of the Licence Fee and the treatment of property taxes. As a result of these negotiations, the Licensor has agreed not to increase the proposed rates from the 2007 valuation period, and has agreed to forgo any rate increase during the over-holding period.

The Licence Fee and back rent payable by the City to the Licensor is considered to be fair and reasonable, and reflects market value according to market research and valuation conducted by Real Estate Services Division staff. On December 14, 2011, the TTC Board approved the proposed licence terms and conditions, and has set aside a budget to fund the subject fees.

CONTACT

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Fax: (416) 392-1880
jcasali@toronto.ca

SIGNATURE

_________________________________________
Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS
Appendix "A" – Major terms and conditions
Appendix "B" – Location Map