TORONTO Member Motion

City Council

Notice of Motion

MM23.11	ACTION			Ward:18

Authorization to Release Section 37 Funds, 150 Sudbury Street, for the Theatre Centre's Capital Improvements to Carnegie Library at 1115 Queen Street West - by Councillor Ana Bailão, seconded by Councillor Peter Milczyn

**** Notice of this Motion has been given.***
**** This Motion is subject to referral to the Executive Committee. A two-thirds vote is required to waive referral.***

Recommendations

Councillor Ana Bailão, seconded by Councillor Peter Milczyn, recommends that:

1. City Council increase the approved 2012 Operating Budget for Non-Program by $1.0 million gross, $0 net, fully funded by Section 37 funds received in the development at 150 Sudbury Street (source account 220096) for the Theatre Centre's capital improvements to the performing arts hub and community meeting space at the former Carnegie Library building located at 1115 Queen Street West.

2. City Council direct that the funding of $1.0 million be forwarded to the Theatre Centre upon:

   a. the signing by the Theatre Centre of both an Undertaking governing the use of the funds and the financial reporting requirements and a lease agreement with the City pertaining to the 1115 Queen Street West site; and

   b. the approval of the Theatre Centre's renovation plans and cost estimates by the General Manager of Economic Development and Culture.

Summary

City Council has authorized a below market lease with the Theatre Centre at 1115 Queen Street West for the purpose of adaptively reusing the heritage Carnegie Library as a performing arts hub and community meeting space.

The relocation of Toronto Public Health (TPH) staff from the Carnegie Library into new facilities at 45 Lisgar Street and the commencement of the Theatre Centre capital project at 1115 Queen Street West has been a high priority for city staff.

The Theatre Centre has secured over $5.0 million in funding that in turn will be invested in a $6.0 million renovation of the 1115 Queen Street West property.

In addition to the $5.0 million in renovation construction, $1.25 million has been secured through Section 37 development fees secured through an agreement between the City and a local real estate developer in the realization of these projects. Specifically, $0.25 million of this money is to be used for costs related to the relocation of the Public Health Officers from 1115 Queen Street West and the $1.0 million balance for the Theatre Centre renovation. The current agreement involves a 10-year lease, with the option to renew twice 5-year extensions. During this time the Theatre Centre will be covering all operating costs ($186,000 annually) at no cost to the City of Toronto.

Among the funding agents is the Ontario Trillium Foundation (OTF) which has prescribed certain criteria that require close attention and diligence of city staff in order to ensure the realization of the full funding entitlement by the Theatre Centre. It is required to expend $1.0 million in construction expenses by December 31, 2012.

To mitigate any potential implementation risks to the OTF funding associated with the delivery of both projects, it is imperative where possible to support the delivery of the aforementioned by August 31, 2012 for the TPH tenant improvements and December 31, 2012 for the Theatre Centre.

Under the terms and conditions authorized by City Council in 2010 the $1.0 million in Section 37 funding was to be released by the City after the fund raising amount has been applied to renovations/capital repairs to the property. More specifically the funding is to be provided once the Theatre Centre has fully exhausted its funds. Corporate Finance has been satisfied that the other sources of funding from federal and provincial governments had contribution agreements that specified dollar amounts and adequate project monitoring mechanisms. The City also needs to monitor the project and the disbursements from the funds secured under the Section 37 agreement and agrees that the $1.0 million Section 37 funding could be released earlier.

An Undertaking signed by the Theatre Centre will be required. The release of the Section 37 funding would be conditional upon the execution of a signed lease between the City and the Theatre Centre. At the end of the project, these expenditures will be addressed in a separate note as part of the regular audited financial statement that the Theatre Centre will provide to the City.

(Submitted to City Council on May 8 and 9, 2012 as MM23.11)

Background Information (City Council)

Member Motion MM23.11