STAFF REPORT
ACTION REQUIRED
with Confidential Attachment

Authority for Disposition of Rail Spurs by Toronto Port Lands Company in East Bayfront

Date: May 12, 2014
To: Executive Committee
From: City Manager
Wards: Ward 28 – Toronto Centre Rosedale

Reason for Confidential Information: This report relates to the security of property of the municipality or one of its agencies, boards, and commissions.

Reference Number: 

SUMMARY

The purpose of this report is to seek City Council authority for the City of Toronto Economic Development Corporation formerly operated as TEDCO and now operating as Toronto Port Lands Company ("TPLC") to enter into an option agreement (the "Option Agreement") with the Liquor Control Board of Ontario ("LCBO") through its agent Infrastructure Ontario ("IO"). The Option Agreement would provide for the potential disposition of unused rail spurs as part of a consolidated property bounded by Queen's Quay East to the south, Freeland Street to the west, Lake Shore Boulevard East to the north, and a Loblaws retail store to the east. The two rail spurs are known municipally as 15 Freeland Street and 15 Cooper Street and bisect lands currently owned by the LCBO and shown on Attachment 1.

Infrastructure Ontario, on behalf of the LCBO, has approached TPLC to combine the LCBO and TPLC properties as part of a joint request for development proposals. The LCBO/IO proposal contemplates redevelopment of the combined sites consistent with revitalization activities in the East Bayfront. If the Option Agreement is successful, the sale of the rail spur lands will result in revenue to TPLC and the City of Toronto.

There is standing direction from City Council to TPLC to transfer their lands in the East Bayfront to the City for waterfront revitalization. In order to proceed with the proposed
Option Agreement, City Council must provide consent for TPLC to enter into the Option Agreement and exempt these properties from being transferred to the City.

The rail spur lands consist of 0.24 hectares (0.6 acres) and have no active use other than current uses by the LCBO. TPLC staff have determined that the highest and best use of the rail spur lands, consistent with the objectives of waterfront revitalization, is to combine the lands into a joint sale with the LCBO. The lands are currently under review by the Lower Yonge Precinct Plan which when completed, will outline development and planning objectives for the site and overall area. Redevelopment of the lands would require the submission of planning application(s) to the City Planning Division and presentation to the Waterfront Design Review Panel.

In the event that a purchaser is not found for the development block, the lands will remain in the ownership of TPLC.

**RECOMMENDATIONS**

The City Manager recommends that:

1. City Council consent to the disposition of two rail spurs known municipally as 15 Freeland Street and 15 Cooper Street on the terms identified in Confidential Attachment 3, being a report from the City Manager dated May 12, 2014;

2. City Council direct that a declaration by the City, in its capacity as sole shareholder of TPLC, be delivered to the Board of Directors of TPLC directing that, once the Properties have been sold, TPLC use the net proceeds from the sale of the Project to provide a dividend to the City, in a specific amount to be determined by the TPLC Board of Directors in consultation with the Deputy City Manager and Chief Financial Officer;

3. City Council direct that Confidential Attachment 3 remain confidential under the provisions of the City of Toronto Act, 2006, as it relates to the security of the property of the municipality or local board until the closing of any sale transaction; and

4. Council authorize the public release of the confidential information and recommendations in Attachment 3, following the closing of any sale transaction.

**DECISION HISTORY**

In 2006, City Council approved a Memorandum of Understanding ("MOU") among the City of Toronto, Waterfront Toronto and the City of Toronto Economic Development Corporation ("TEDCO", now operating as TPLC) that outlined roles and responsibilities for each party in the revitalization of the East Bayfront and Port Lands. This MOU directed TEDCO to transfer ownership of the lands in the East Bayfront to the City for revitalization purposes.
In July 2007, City Council adopted a report on the streamlining of waterfront revitalization in the East Bayfront. This report directed that land owned by TEDCO in the East Bayfront, including the rail spurs, be transferred to the City of Toronto to expedite waterfront revitalization. In March 2008, written notice was provided to TEDCO to transfer the majority of the East Bayfront lands excluding "a number of small parcels in the East Bayfront for which the City has not yet had an opportunity to complete its due diligence." The LCBO rail spurs have not yet been transferred to the City and, at this time, title remains within TEDCO.

To date, the transfer of lands in the East Bayfront to the City has focused on lands south of Queen's Quay and east of Jarvis Street where Waterfront Toronto is actively engaged in redevelopment projects. Prior to 2012, the LCBO had not expressed an interest in vacating the site and as such, the transfer of the rail spur lands to the City for revitalization has not yet been completed.

**ISSUE BACKGROUND**

The revitalization of the East Bayfront has focused on lands south of Queen's Quay (Bayside, George Brown College, Corus Entertainment, Sugar Beach and Sherbourne Common) and lands north of Queen's Quay east of Jarvis Street (Sherbourne Common and Monde Condominiums). The subject properties are located between Freeland Street and the existing Loblaws store on the north side of Queen's Quay and are currently occupied by a retail store, surface parking and the LCBO's head office. In 2012, the Province of Ontario announced that they were initiating the sale of the LCBO lands for redevelopment.

The rail spur lands consist of 0.24 hectares (0.6 acres) and bisect the lands owned by the LCBO consisting of 4.33 hectares (10.7 acres). They are currently leased to the LCBO based on a prior agreement with the Toronto Harbour Commissioners, TPLC's predecessor in title. Rail operations on these lands were discontinued many years ago with the lands currently used for surface parking and storage.

City Planning and Waterfront Toronto are currently completing the Lower Yonge Precinct Plan which includes the LCBO lands (Attachment 2). This precinct plan will provide for comprehensive and orderly development and will address road and block patterns, the scale of future development, range of uses and the relationship between building massing and density and public spaces for these areas.

The developer of the LCBO lands and rail spurs will be subject to the City's planning process. Any development application will be evaluated for compliance with applicable Official Plan policies, the Central Waterfront Secondary Plan, precinct plans, urban design guidelines, etc.
COMMENTS

Staff are recommending that authority be granted to permit TPLC to dispose of the rail spurs pursuant to the proposed option agreement. The disposal of this property as part of a joint sale with IO/LCBO will continue waterfront revitalization in the East Bayfront by transitioning this parcel from industrial/office uses to mixed-uses consistent with the Central Waterfront Secondary Plan.

The redevelopment of the lands for mixed-use commercial and residential uses would require the submission of planning application(s) to the City Planning Division. In addition, the lands are within the Designated Waterfront Area and as such, presentation to the Waterfront Design Review Panel coordinated by Waterfront Toronto is also required.

CONTACT

John Livey, F.C.I.P
Deputy City Manager, Cluster B
Tel: (416) 338-7200, Fax: (416) 392-4540. Email: jlivey@toronto.ca

Michael Williams
General Manager, Economic Development and Culture
Tel: (416) 397-1970, Fax: (416) 397-5314, Email: mwillia5@toronto.ca

SIGNATURE

_______________________________
Joseph P. Pennachetti
City Manager

ATTACHMENTS

Attachment 1 – Property Map
Attachment 2 – Lower Yonge Precinct Study Area
Attachment 3 – Confidential Information