



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

Acquisition of a Portion of 240 Manor Road East

Date:	March 23, 2015
To:	Government Management Committee
From:	Chief Corporate Office and General Manager, Parks, Forestry and Recreation
Wards:	Ward 22 – St. Pauls
Reason for Confidential Information:	This report is about a proposed or pending land acquisition by the City or one of its agencies, boards, and commissions.
Reference Number:	P:\2015\Internal Services\RE\Gm15010re (AFS #20948)

SUMMARY

The purpose of this report is to obtain authority and confirm funding to acquire Lots 39-40, Plan 1787 at 240 Manor Road East (the "Property") from the Trustees of the Manor Road United Church (the "Vendor") for parkland purposes.

This report seeks City Council approval to proceed as outlined herein and in Attachment 1 – Confidential Information.

RECOMMENDATIONS

The Chief Corporate Officer and General Manager of Parks, Forestry and Recreation recommend that:

1. City Council authorize the Chief Corporate Officer (the "CCO") to negotiate the acquisition of the Property with the Vendor for the purchase price outlined in Attachment 1 – Confidential Information, and authorize the City to enter into an agreement of purchase and sale substantially on the terms outlined in Appendix "A" to this report and on such other or amended terms and conditions as may be acceptable to the CCO and in a form satisfactory to the City Solicitor.

2. City Council authorize an amendment to the 2015 Parks, Forestry and Recreation ("PFR") Capital Budget to create a new capital project called "240 Manor Road East - Parkland Acquisition" as outlined in Confidential Attachment 1 – Confidential Information, to be funded from the Alternative Parkland Dedication Reserve Fund (XR2213) for Ward 22.
3. City Council authorizes severally each of the CCO and the Director of Real Estate Services to execute the Offer to Sell agreement (the "Agreement") and any ancillary agreements and documents under the Agreement on behalf of the City.
4. City Council authorize the Chief Corporate Officer to administer and manage the transaction, including the provision of any consents, approvals, waivers and notices, provided that she may, at any time, refer consideration of any such matters (including their content) to City Council for its consideration and direction.
5. City Council authorize the City Solicitor to complete the contemplated transaction on behalf of the City, including paying any necessary expenses, amending the closing, due diligence and other dates, and amending and waiving terms and conditions, on such terms as she considers reasonable.
6. City Council adopts the confidential instructions to Staff in Attachment 1 – Confidential Information appended to this report.
7. City Council authorize the public release of the confidential information and recommendations in Confidential Attachment 1 once the transaction contemplated in this report has been completed, and Vendor has disposed of its interest in the Property.
8. This report be forwarded to the Budget Committee and Executive Committee for consideration of the recommended amendment to the Council approved 2015 PFR Capital Budget and its funding source.

Financial Impact

This report seeks Council direction to purchase the Property as outlined in Attachment 1 – Confidential Information and to amend the 2015 Council-approved Capital Budget for PFR by the addition of a project "240 Manor Road East – Parkland Acquisition" with funding provided from Alternative Parkland Dedication Reserve Fund (XR2213) for Ward 22.

Additional funding for the demolition of the building on the Property, environmental remediation if required and park development will be requested as part of the 2016 Capital Budget process.

The operating and maintenance costs of the Property from July 2015 until July 2016 will be the responsibility of the Vendor, as tenant, through a lease back of the Property. Once the park is developed, the operating and maintenance costs will be \$20,000 per year commencing in 2017. This required operating funding will be included for consideration in the future year operating budget submissions for PFR.

The City has agreed to lease the Property to the Church at market value for an annual net rent of \$10 per square foot. Rent is calculated based on the actual usable space, or 6,481 square feet, for an annual net rent of \$64,810. The Church has obtained supporting documentation from Building Owners and Managers Association ("BOMA") confirming the rentable area as shown in Appendix "D". The net revenue impact associated with the leaseback of the property will be included in the 2016 Operating Budget submission for PFR accordingly.

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

DECISION HISTORY

This matter has not been previously considered by Council.

ISSUE BACKGROUND

The Vendor proposes to sell the eastern portion of its property, namely Lots 39 and 40, which consists of an addition to the main church building and open space. Proceeds of the sale will be used by the Vendor to renovate and modernize the existing 90-year old sanctuary on the Vendor's retained lands and to establish an investment fund for its ongoing operations.

In June 2014, the Manor Road United Church hosted a community round table to discuss how to create a sustainable future for the Church. The Vendor was considering disposal of the Property on open market. The Ward Councillor requested Parks, Forestry & Recreation to consider acquiring the Property for parkland as the neighbourhood has low level of parkland provision. City Staff from have been in discussions with the Vendor since summer 2014 regarding the City's potential interest in purchasing the lands.

COMMENTS

The Church is located at the northwest corner of Manor Road and Forman Avenue near the major intersection of Eglinton Avenue East and Mount Pleasant Road, as seen on the location map in Appendix "B". The Property is approximately 1,300 m² which includes a 500m² building added to the church in the 1950's (the "East Wing") and 800 m² open

lawn. After the City acquires the Property, the Vendor will leaseback the Property for one year so the Vendor can continue church operations and provide community access, and so the current tenant, a Montessori school, can continue its operations, while the renovations to the main church sanctuary are occurring. The East Wing will be demolished in Fall 2016 and then the new park amenities will be constructed. The new park will be operational by Spring 2017.

A. Desirability of the use of the Property as a park.

The Eglinton Avenue corridor is anticipated to have an increase in residential development generated from the construction of the Eglinton LRT. The Official Plan supports the addition of new parks and amenities in high growth areas. This area is identified as a Priority Area for Parkland Acquisition in the Municipal Code. Park improvements will be based on community and councillor input and may include amenities such as seating, shade structure, children play feature and open space.

The proposed acquisition at 240 Manor Road East site is located in close proximity to 196 Manor Road East, known as the Glebe Manor Lawn Bowling Club, that the City of Toronto also has an interest in acquiring. The sizes of 196 the Manor Road East site and the Property are 1,514 m² and 1,300m² respectively. Both sites would be considered "parkettes" under the Parks, Forestry & Recreation park classification. If both properties are acquired, the new parks will be designed to provide complimentary amenities so they function as two halves of a larger "neighbourhood" park. This approach to park development is required in areas of high growth where the established urban form and lot pattern provide few opportunities to acquire large parcels for new parks.

B. Alternative Rate Parkland Dedication Reserve Fund

The Official Plan Policy 3.2.3.5(h) states that any payments of cash-in-lieu received in excess of 5% of the site area will be used to acquire parkland that is accessible to the development or to improve parks in the vicinity of the development. The funding for the acquisition and future park development at the Property is from the cash-in-lieu of parkland dedication monies received from developments within 2 km of the Property (the "Proximate Developments").

This funding cannot be directed to any other purpose; it is for the exclusive use of parkland acquisition and development accessible to and within the vicinity of the Proximate Developments.

C. Environmental Due Diligence

There are no known environmental contaminations on the property. PFR will conduct Environmental Site Assessment and Designated Substance Survey of the building as part of its due diligence process. If contamination is found, remediation will be carried out as part of the demolition and park development capital project.

D. Agreement

Terms of the Agreement are provided in Appendix "A" and Attachment 1 – Confidential Information attached hereto. City Staff considers an Agreement based on terms and conditions set out in the foregoing to be fair market value and reasonable, and therefore recommends the approval of this transaction.

CONTACT

Joe Casali, Director of Real Estate Services; Tel.: (416) 392-7202;
E-Mail: jcasali@toronto.ca

David Douglas, Project Manager Parkland Acquisitions, Parks, Forestry & Recreation;
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SIGNATURE

Josie Scioli
Chief Corporate Officer

Janie Romoff
General Manager of Parks, Forestry
and Recreation

ATTACHMENTS

Appendix "A" – Terms and Conditions of the Agreement
Appendix "B" – Location Map
Appendix "C" – Site Plan
Appendix "D" – BOMA Certificate
Attachment 1 – Confidential Information

Appendix "A" – Terms and Conditions

Address (Location):	Lots 39-40 of 240 Manor Road East – Toronto, Ontario
Owner/Vendor:	Trustees of the Manor Road United Church
Legal Description:	Part of 240 Manor Road, Toronto, Ontario, legally described as Lots 39-40, Plan 1787, Toronto; City of Toronto, being part of PIN 21131-0294 (LT) and having an area of 1300 m ² as shown shaded and outlined on Appendix "C"
Proposed Purchase Price:	Contained within the Confidential Attachment
Additional Costs:	Contained within the Confidential Attachment
Due Diligence Period:	Shall be the period of time ending at 11:59 pm on the business day next following 30 days after the Agreement is executed by both parties.
Requisition Period:	Shall be the period of time ending at 11:59 pm on the 15 th business day preceding the closing date.
Closing Date:	Shall be the business day following 30 days after delivery of a notice of waiver or notice of satisfaction in connection with the due diligence condition, which expires at the end of the due diligence period.
Leaseback:	<p><u>Document</u>: The form of lease between the City as landlord and the Vendor as tenant (the "Lease") will be attached to the Agreement and will be required to be executed as a closing document. Major terms of the Lease are set out below, and will be on the City's standard form and on any other or amended terms and conditions as approved by the CCO or her designate, in a form satisfactory to the City Solicitor.</p> <p><u>Parties</u>: City of Toronto as landlord and Trustees of the Manor Road United Church as tenant.</p> <p><u>Leased Premises</u>: the Property, with the leasable area to be confirmed by the CCO or her designate.</p> <p><u>Term</u>: Commencing on the Closing Date ending June 30, 2016. There is no option to renew.</p> <p><u>Rent</u>: \$10 per rentable square foot.</p> <p><u>Net Lease</u>: the Lease shall be entirely net to the City, and the Vendor, as tenant, shall be responsible for all operating</p>

and maintenance costs, and any applicable taxes, charges, expenses and outlays arising from the use and occupancy of the Property.

Use: The Vendor, as tenant, shall be entitled to use the Property for (i) religious worship, education services, ceremonies or rites by the congregation, (ii) a Montessori school, and (iii) a gathering space for community activities.

Assignment/Subleasing: The Church shall be entitled to (i) sublease the Property or part thereof to the Manor Montessori School for a lease term not exceeding the Term of the Lease between the City as landlord and the Vendor as tenant, and (ii) licence the Property or part thereof for community activities, all on terms and conditions set out in the Lease.

Insurance: the Vendor as tenant shall acquire insurance as required by the City.

Construction License:

Document: The form of access licence for demolition purposes between the City as licensee and the Vendor as licensor (the "Licence") will be attached to the Agreement and will be required to be executed as a closing document. Major terms of the Licence are set out below, and will be on the City's standard form and on any other or amended terms and conditions as approved by the CCO or her designate, in a form satisfactory to the City Solicitor.

Parties: City of Toronto as licensee and Trustees of the Manor Road United Church as licensor.

Licensed Premises: Part of the Vendor's retained lands, namely Lot 38, Plan 1787, Toronto, City of Toronto being currently described as Part of PIN 21131-0294 (LT)

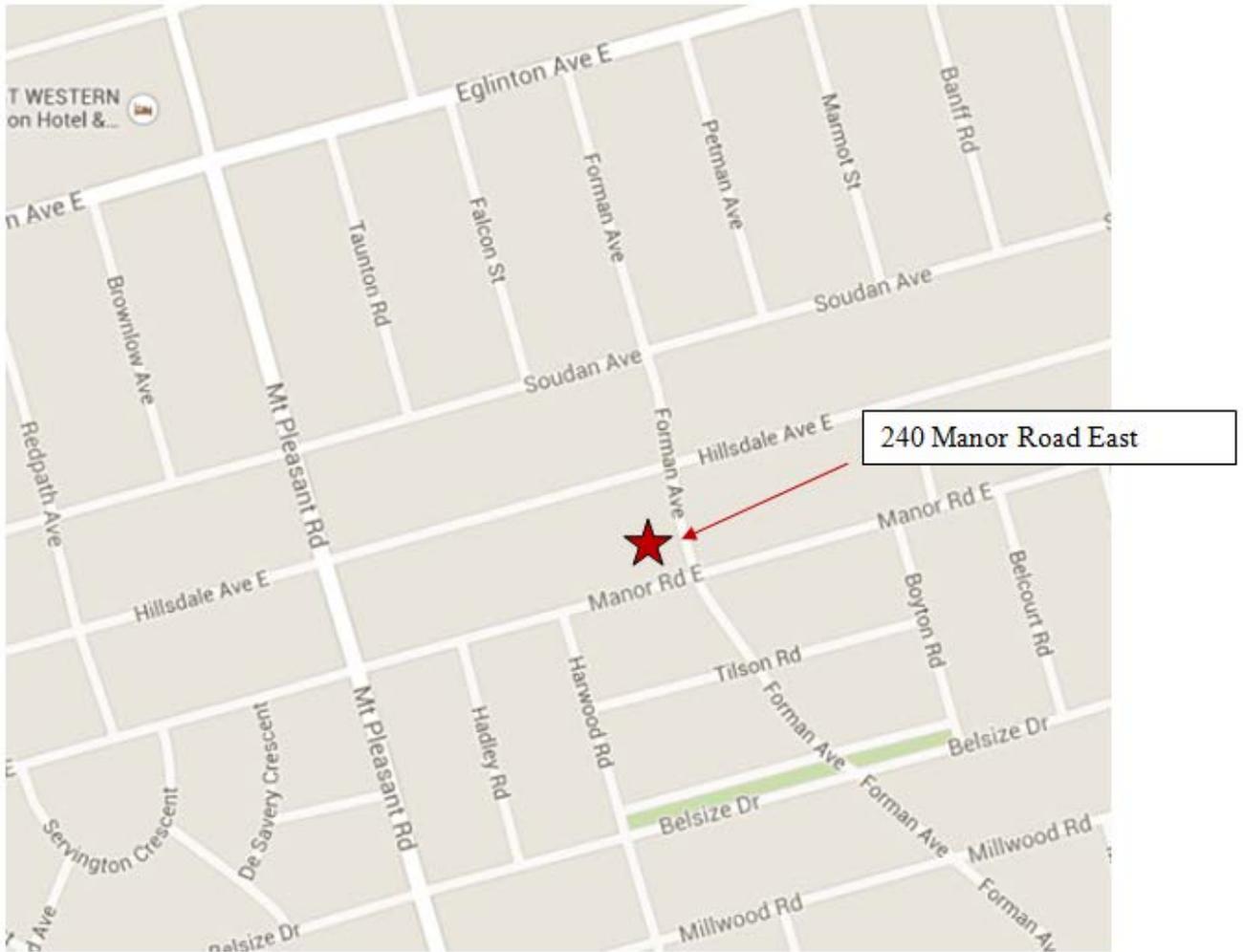
Term: Commencing on 60 days notice from the City to the Vendor, but shall not commence before the Lease terminates. The length of the Term will be dictated by the amount of demolition work required to be undertaken on the Licensed Premises, which shall be confirmed and approved by the CCO or her designate.

Licence Fee: Nil.

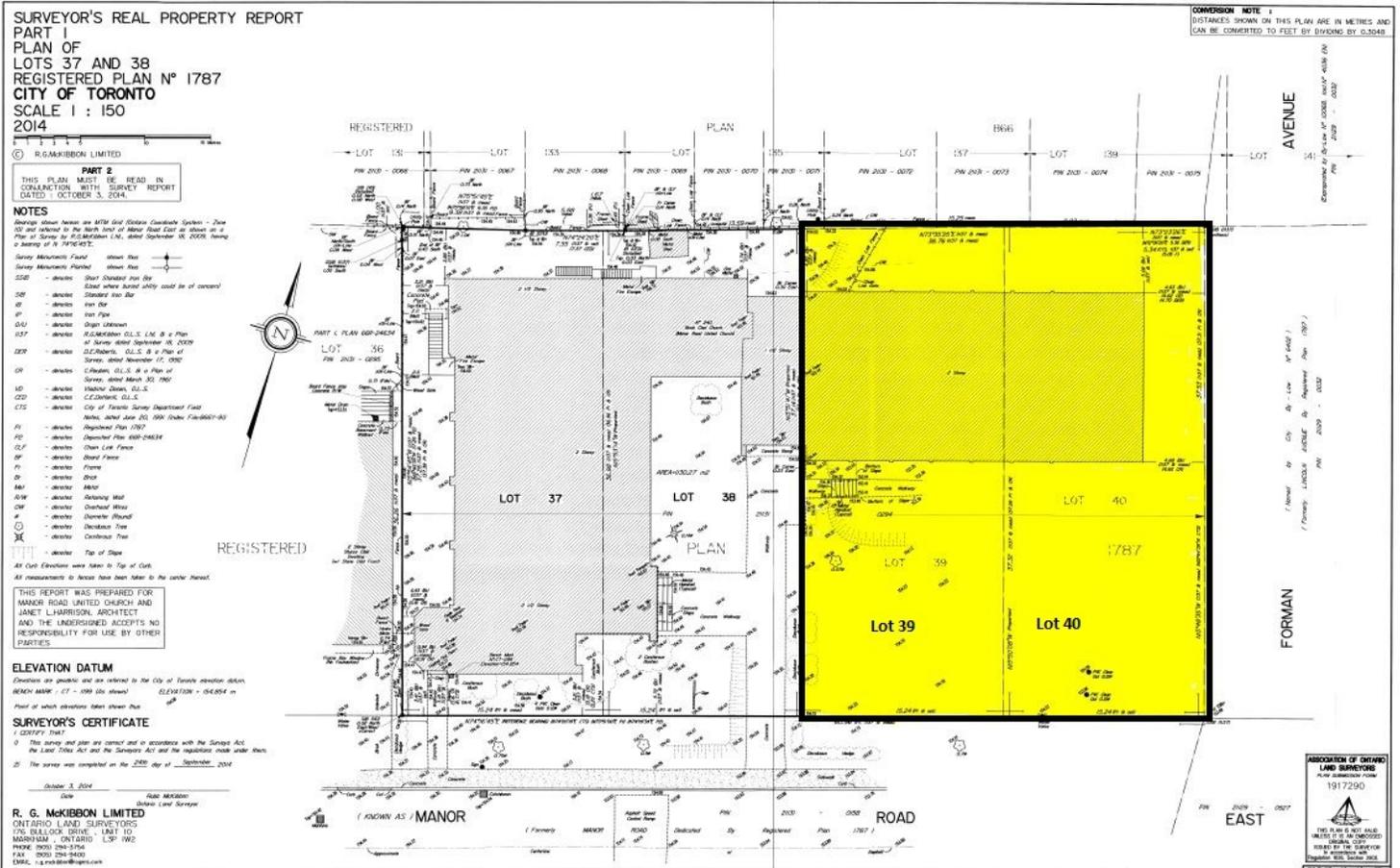
Use: The City, as licensee, shall use the Licensed Premises for the construction and demolition work required to remove the East Wing structure on the Vendor's retained parcel, and shall restore the Licensed Premises as close as practicable (save the removal of the East Wing structure) to its original condition.

Indemnity: The City shall indemnify the Vendor as licensor for any claims arising out of the City's Use of the Licensed Premises.

Appendix "B" – Location Map



Appendix "C" – Survey



Appendix "D" – BOMA Certificate



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Prepared: March 11, 2015

Att: Mr. Neil Jacoby
Manor Road United Church "Client"
240 Manor Road East
Toronto, Ontario M4S 1R8

Re: 240 Manor Road East, Toronto, Ontario ("Property")

Subsequent to our site measurements of the Property on March 09, 2015 we confirm the following:

The area noted below is in compliance with the *ANSI/BOMA Z65.1-2010 Office Buildings: Standard Methods of Measurement, Method A*. The area is consistent with version 1 of the corresponding floor plan.

Entire Building : Rentable Area on March 09, 2015 = 6,481 square feet

If you have any concerns, please feel free to contact our office at your convenience.

Thank you,
Extreme Measures Inc.

This work product has been prepared by Extreme Measures Inc. pursuant to a contract with the Client for the sole benefit of and use by the Client. No third party may rely on this work product without the receipt of a reliance letter from Extreme Measures Inc.