

STAFF REPORT ACTION REQUIRED



Acquisition of 8 Abitibi Avenue

Date:	April 24, 2015
To:	Government Management Committee
From:	President, Toronto Parking Authority
Wards:	Ward 24 Willowdale
Reference Number:	TPA File No.: 1951-00

SUMMARY

The purpose of this report is to obtain Council's authorization to purchase the property municipally known as 8 Abitibi Avenue (the "Property") from Rael Management Services Limited (the "Vendor") in order to service the short term parking needs of the surrounding north Yonge neighbourhood. The intention is to maintain the commercial building on a fully leased basis and operate the ancillary parking area as a municipal parking facility until such time as it is determined that the site is ready to be redeveloped into a new surface carpark.

RECOMMENDATIONS

The Toronto Parking Authority recommends that:

1. Council authorize the acquisition of the property known municipally as 8 Abitibi Avenue from Rael Management Services Limited based on the terms and conditions contained in Schedule 'A' attached hereto plus the additional expenditure of approximately \$90,000 for any associated costs such as land transfer tax, appraisal fees, survey, environmental studies, and legal fees for a total acquisition cost estimate of \$2,128,000
2. City Council amend the 2015 Capital Budget and 2016-2024 Capital Plan for Toronto Parking Authority by adding the capital project 8 Abitibi Avenue Carpark Development to be funded by reallocation of capital funds for Carpark Provisions 2015 project included in the 2015 Approved Capital Budget and 2016-2024 Capital Plan in the amount of \$2,130,000 in order to facilitate the purchase of the carpark;

3. Upon acquisition, the Property be designated for municipal parking purposes, to be managed by the TPA; and
4. 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

The 2015 Approved Capital Budget and 2016-2024 Approved Capital Plan includes an allocation of \$5,000,000 in funding for new carpark provisions in 2015 in order to accommodate unbudgeted property acquisitions or accelerate already planned acquisitions should opportunities arise (Project: Carpark Provisions 2015).

It is recommended that this already approved funding be reallocated to fund the cost of the acquisition required for the carpark at 8 Abitibi Avenue estimated at \$2,128,000. The acquisition is expected to close in June 2015.

The TPA has retained the services of an independent appraisal firm which has reported that the purchase price to be paid for the Property, being the sum of \$2,038,000, is reasonable and reflective of fair market value.

The operating and maintenance costs associated with this facility will be offset by revenues from the building and the new parking facility, which will be confirmed during the due diligence period. Therefore, there will be no incremental costs to TPA in 2015. Once determined, all associated costs and revenues will be reported through quarterly variance reporting and subsequently included in the TPA's 2016 Operating Budget.

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

DECISION HISTORY

The TPA has entered into an Agreement of Purchase and Sale for the Property with the owner which is subject to certain conditions, including receiving approvals from both the TPA Board of Directors and City Council.

At its meeting of April 23, 2015, the TPA Board of Directors approved acquisition of the Property on the terms outlined herein (*TPA Board Minute No.: 15-061*).

ISSUE BACKGROUND

The north Yonge neighbourhood is considered to be a very active and highly desirable corridor from a parking demand standpoint. As a result, the TPA has been looking for suitable sites that would accommodate both the existing and future needs for public parking in the area. The purchase of the Property will assist in satisfying these requirements. The TPA submitted an offer to purchase 8 Abitibi Avenue and it was accepted on March 11, 2015.

Acquisition of the Property will permit operating the existing ancillary parking lot as a public parking facility capable of accommodating approximately 8 surface parking spaces (see attached *Appendix 'A' – Parking Layout Plan (As Is Condition)*).

COMMENTS

Site Location and Particulars

The Property, located a short distance south of the major intersection of Yonge Street and Steeles Avenue, is positioned on the north side of Abitibi Avenue, a two-way local roadway (see attached *Site Location Map*). Vehicular access to both Highway 407 (located to the north) and Highway 401 (located to the south) is available via Yonge Street. Public bus transportation is available along both Steeles Avenue as well as Yonge Street with the latter offering a connection to the TTC Finch station further to the south.

Located within the busy north Yonge corridor, adjacent land uses are comprised of service commercial uses fronting Yonge Street, Centerpoint Mall containing 635,000 square feet of retail space located on the west side of Yonge Street and residential uses to the east. The Property, improved as a two-storey building, was extensively renovated to accommodate the existing commercial uses at the property (see attached *Appendix 'B' - Photos of Subject Property* and *Appendix 'C' - Neighbourhood Aerial Photograph*).

The site, irregular in shape and measuring approximately 50.0 feet (15.24 meters) by 122.5 feet (37.34 meters), is capable of accommodating approximately 8 surface parking spaces which will be operated under a 'Pay and Display' type of operation (see attached *Appendix 'A' – Parking Layout Plan (As Is Condition)*).

Parking Supply and Demand

The operation of the 8-space lot is expected to experience a high level of usage and turnover largely as a result of the existing tenancies at the Property (which include a Dentist, a Hygienist and a Chiropractor) as well as its proximity to the adjacent commercial uses located along Yonge Street. It is expected that the area will undergo a major transformation in the future. Eventually, when it becomes financially viable, plans will include the redevelopment of the site which will include a surface parking facility capable of accommodating approximately 13 surface spaces (see attached *Appendix 'D' – Proposed Carpark Development Plan*).

Potential for Re-Development

The Property lies within a strong area for future mixed-use residential and commercial development. Under the current City of Toronto Official Plan, the site is identified as being located within the Designated Avenues Area for urban structures and within a mixed-use area under the Land Use Plan designation. There are no special policies under the secondary plan that are applicable to the Property. Under the new City of Toronto zoning by-law (By-law 569-2013), the site is zoned for commercial residential uses (CR) while under the former City of Toronto zoning by-law (By-law 7625), the site is zoned as a general commercial zone (C1). The existing and proposed zoning support the existing uses at the Property and any future redevelopment of the site in terms of a standalone surface parking facility or as part of a more significant redevelopment plan.

Financial Analysis and Conclusion

The intention is to maintain the commercial building on a fully leased basis and operate the 8-space ancillary parking area as a municipal parking lot. During the due diligence period, staff will confirm the terms and conditions of the existing leases and secure the tenancies (if required) at rates reflecting appropriate market levels. Eventually, the improvements may be demolished and a 13-space surface parking lot developed.

The total cost of acquisition of the Property to the TPA is estimated at \$2.128 million. Based on TPA's forecast revenue projections for the commercial building and the estimate of growth in transient parking demand over the next few years, the resulting internal rate of return (IRR) based on a projected 20-year cash flow meets TPA's usual minimum required IRR of 5.0%. The financial analysis supports the acquisition price of \$2.128 million required to operate the carpark.

The TPA 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 growth neighbourhood to better service the parking needs of the community at an appropriate cost and IRR to the TPA.

CONTACT

Lorne Persiko
President, Toronto Parking Authority
Phone (416) 393-7294 / Fax (416) 393-7352
lpersiko@toronto.ca

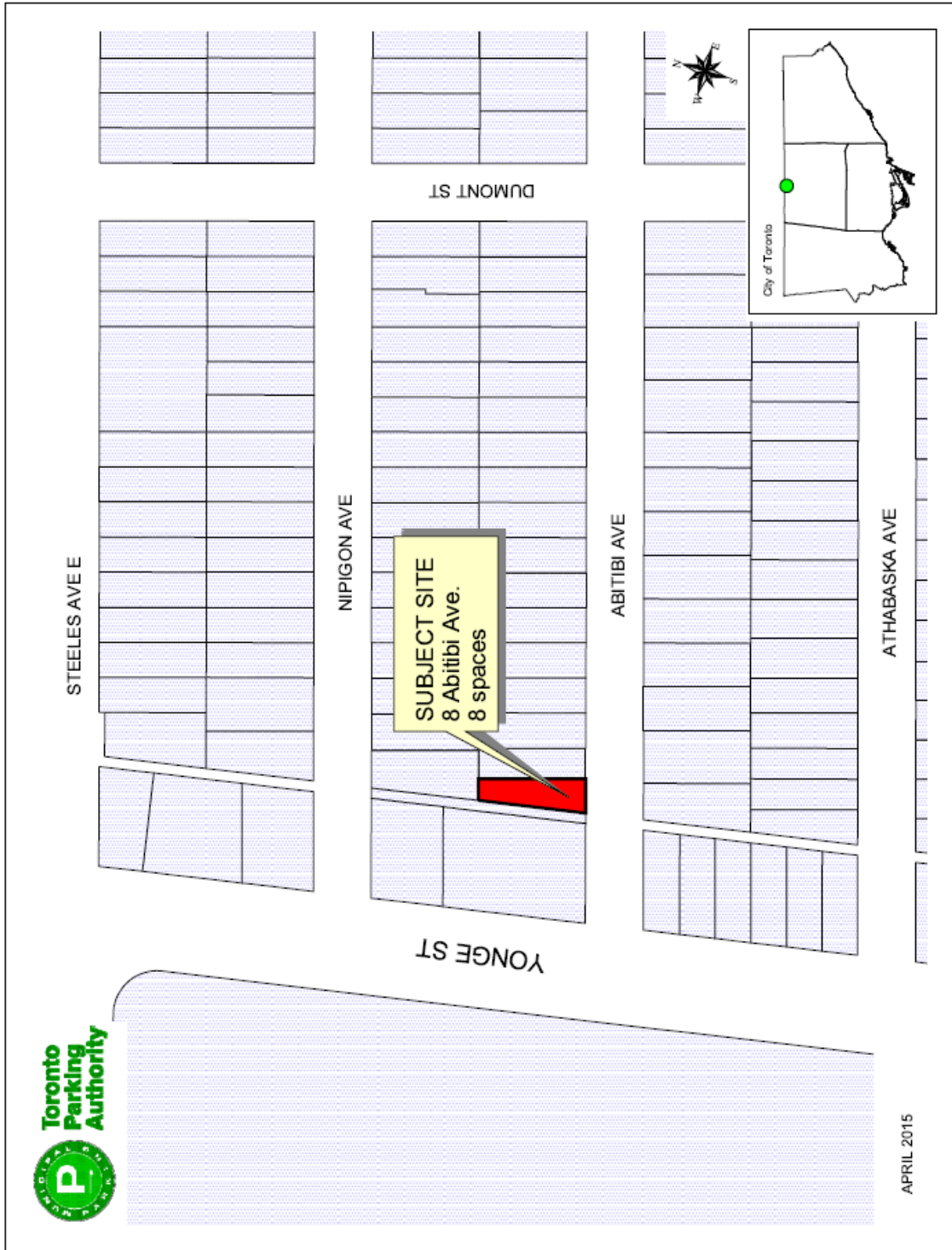
SIGNATURE

Lorne Persiko, President

ATTACHMENTS

Site Location Map
Schedule 'A' Summary of Agreement of Purchase and Sale
Appendix 'A' Parking Layout Plan (*As Is Condition*)
Appendix 'B' Photos of Subject Property
Appendix 'C' Neighbourhood Aerial Photograph
Appendix 'D' Proposed Carpark Development Plan

Site Location Map



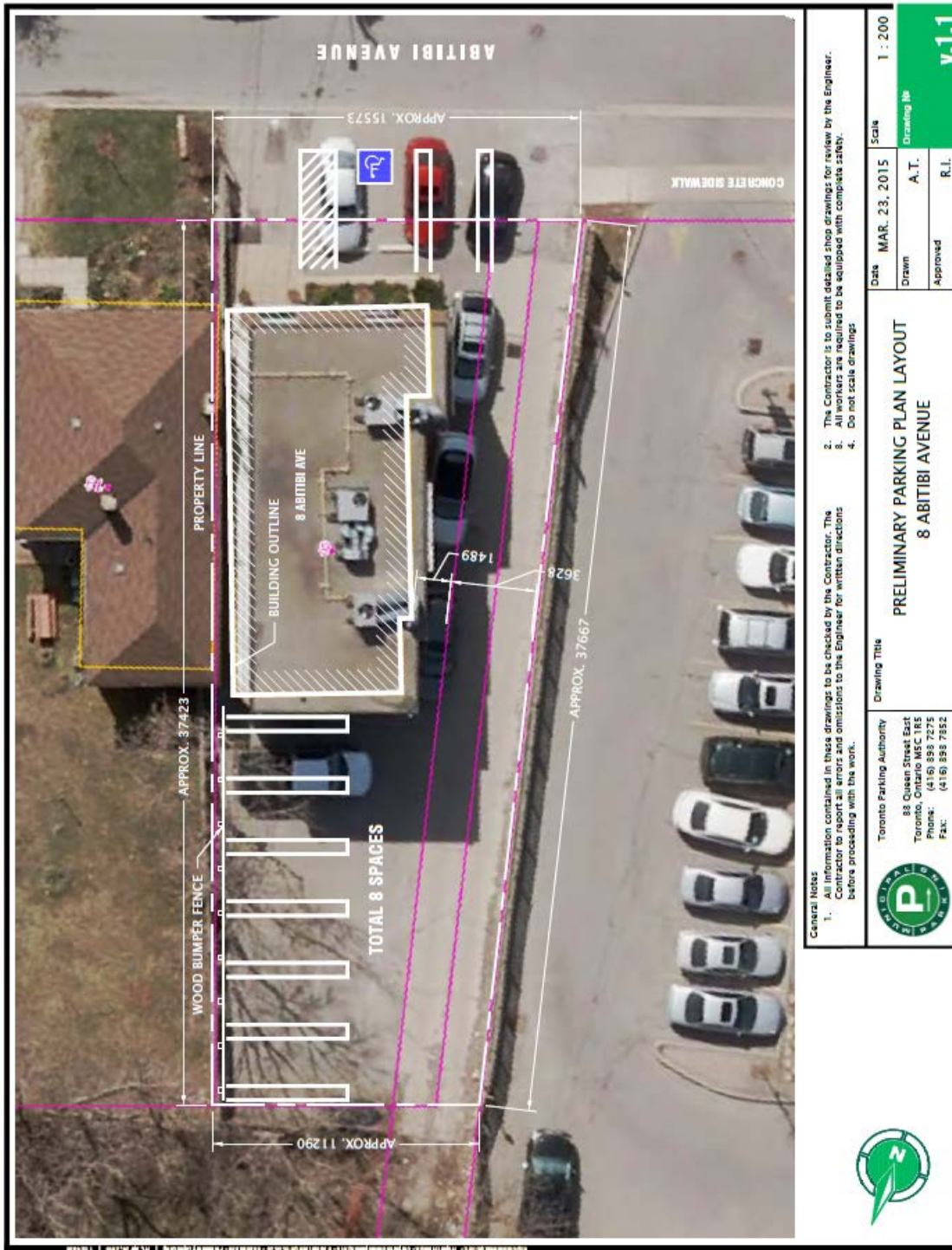
Schedule 'A'

Summary of Agreement of Purchase and Sale

1. Purchaser – Toronto Parking Authority / registered owner to be City of Toronto
2. Vendor – Rael Management Services Limited
3. Purchase Price – \$2.038 million
4. Deposit - \$50,000
5. Site Dimensions – 50.0 feet (15.24 meters) by 122.5 feet (37.34 meters) / 6,125.0 square feet (569.0 square meters)
6. Purchaser's Conditions – obtaining TPA Board and City Council approval of the proposed transaction, and acceptable results of due diligence investigations, including environmental assessment
7. Purchaser to assume all commercial leases applicable to the Property
8. Due Diligence Waive Date – June 15, 2015
9. Closing Date – June 25, 2015

Appendix 'A'

Parking Layout Plan (As Is Condition)



General Notes

- All information contained in these drawings to be checked by the Contractor. The Contractor to report all errors and omissions to the Engineer for written directions before proceeding with the work.
- The Contractor is to submit detailed shop drawings for review by the Engineer.
- All workers are required to be equipped with complete safety.
- Do not scale drawings.

Toronto Parking Authority		Date		Scale	
88 Queen Street East Toronto, Ontario M5C 1R5 Phone: (416) 898 7275 Fax: (416) 898 7862		MAR. 23, 2015		1 : 200	
Drawing Title		Drawn		Drawing file	
PRELIMINARY PARKING PLAN LAYOUT 8 ABITIBI AVENUE		A.T.		V.1.1	
		Approved		R.L.	

Appendix 'B'
Photos of Subject Property



Front View – 8 Abitibi Avenue



Rear View – 8 Abitibi Avenue

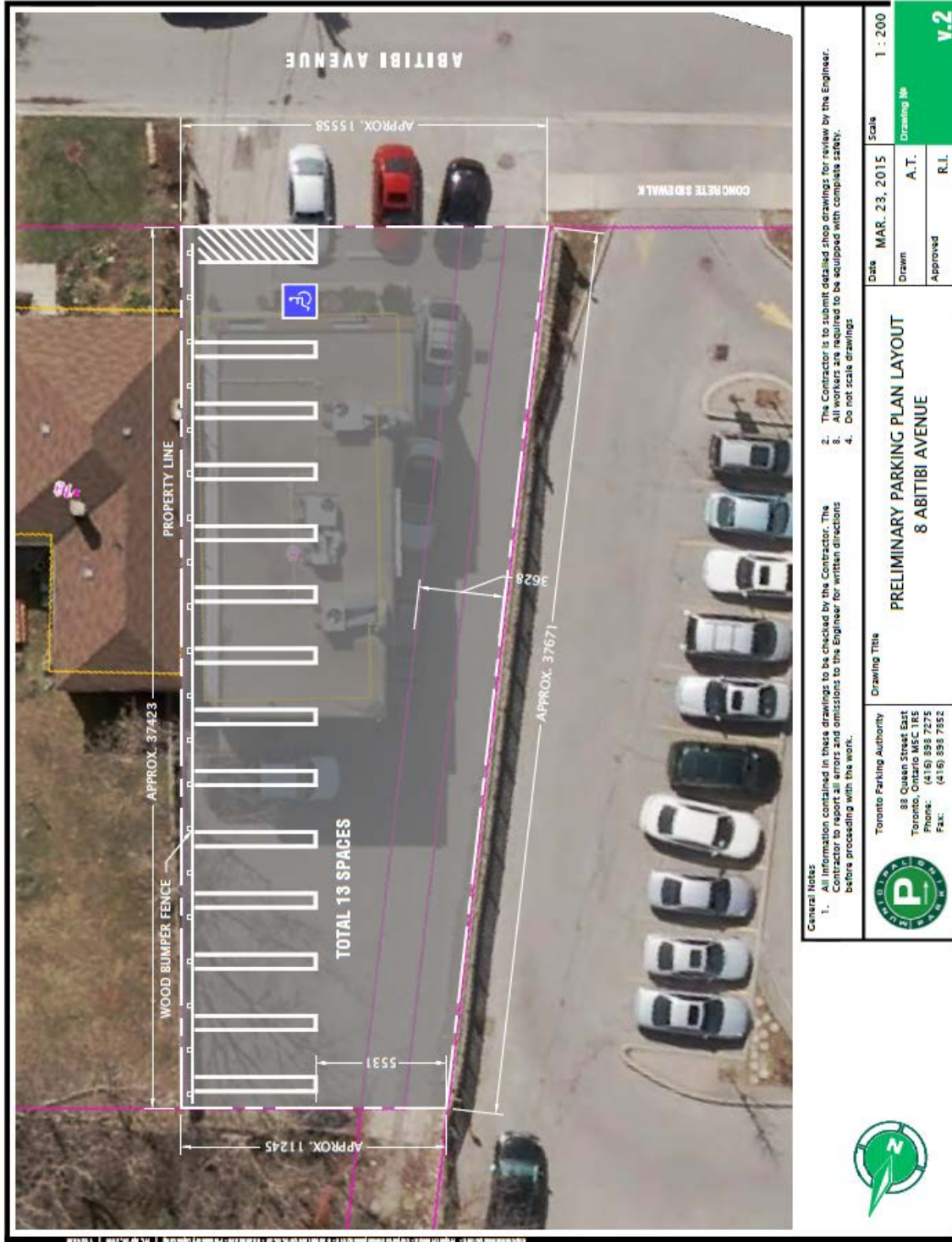
Appendix 'C'

Neighbourhood Aerial Photograph



Appendix 'D'

Proposed Carpark Development Plan



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Toronto Parking Authority
88 Queen Street East
Toronto, Ontario M5C 1S2
Phone: (416) 988 7325
Fax: (416) 988 7552

Drawing Title
**PRELIMINARY PARKING PLAN LAYOUT
8 ABITIBI AVENUE**

Date	MAR. 23, 2015	Scale	1 : 200
Drawn	A.T.	Drawing No	
Approved	R.L.		V.2