



**STAFF REPORT
ACTION REQUIRED**

Revised Community Use at Proposed Basketball Training Facility

Date:	January 14, 2016
To:	Executive Committee
From:	Deputy City Manager & Chief Financial Officer
Wards:	19 & 20
Reference Number:	P:\2016\Internal Services\Cf\Ec16004Cf (AFS #21811)

SUMMARY

This report recommends that the terms of the lease described in a Letter of Intent with Maple Leaf Sports & Entertainment Ltd. ("MLSE"), adopted by Council at its meeting of August 25-28, 2014 be amended to reduce the requirement for community use hours at the proposed Basketball Training Facility at Exhibition Place and that the related Municipal Capital Facility By-Law be rescinded so that the facility becomes fully taxable.

MLSE has indicated that the reduction in the hours of community use at the Basketball Training Facility will be offset by new community access time being made available at the new Youth Centre for Sports Development being created by MLSE in the Toronto Community Housing Corporation building at 261 Jarvis St. MLSE agrees that with the reduction in community use, the Basketball Training Facility will no longer qualify as a Municipal Capital Facility, and thereby will be liable for development charges and full property taxation.

RECOMMENDATIONS

The Deputy City Manager & Chief Financial Officer recommends:

1. City Council authorize amendments to the lease to be entered into with Maple Leaf Sports & Entertainment Ltd. to reduce the available hours of community use at the Basketball Training Facility at Exhibition Place to 1,235 annually and to reflect new dates for finalizing the lease and satisfying related conditions.

2. City Council rescind its decision to declare a Municipal Capital Facility at Exhibition Place, 2 Strachan Avenue, for a basketball training facility, and repeal By-law 966-2014 enacted and passed on August 28, 2014.

Financial Impact

The terms for community use originally set out in the Letter of intent ("LOI") made portions of the Basketball Training Facility ("BTF") eligible for designation as a Municipal Capital Facility ("MCF"). This designation exempted these portions of the proposed facility from the payment of development charges and municipal property taxes.

The recommended amendments will result in the entire BTF becoming exigible for municipal property taxes and development charges.

The precise value of the future property taxes generated by the BTF will depend on the value assigned to the BTF by the Municipal Property Assessment Corporation. MLSE has estimated the total construction cost to be \$30 million. If this is used as an estimate of value, the total annual municipal property tax amount for the facility will be approximately \$460,000. This would represent an increase of approximately \$150,000 over the amount that would be payable with the MCF designation.

The total development charges payable for the facility would be \$798,078.06. This would represent an increase of \$270,837.18 over the amount that would be payable with the MCF designation

Table 1 sets out the payments from MLSE to the Exhibition Place Board of Governors that are retained from the original LOI.

Table 1 – Payments from MLSE to Exhibition Place Board Retained from Original LOI	
Payment	Amount
Ground rent	\$205,000 annually adjusted upwards with CPI
Contribution to cost of creating new permanent parking structure for Exhibition Place	\$2 million including up to \$200,000 towards cost of parking needs study
Contribution to cost of restoring interim parking area to green space	\$1 million

DECISION HISTORY

At its meeting of August 25, 26, 27 and 28, 2014, Council amended and adopted Item EX44.3, on the proposed Basketball Training Centre at Exhibition Place (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX44.3>) which

included a recommendation that City Council pass a by-law pursuant to Section 252 of the City of Toronto Act, 2006, providing authority to:

- a. enter into a municipal capital facility agreement with Maple Leaf Sports and Entertainment Limited (MLSE) in respect of the portions of the high-performance basketball training centre ("Basketball Training Facility") within the Leased Lands that will be used as an eligible municipal capital facility for cultural, recreational and tourist purposes as a result of public use for the majority of the operating hours of the facility, when such portions can be determined ("the Municipal Capital Facility Portion of the Facility");
- b. exempt the Municipal Capital Facility Portion of the Facility from property taxation for municipal and school purposes, which tax exemption is to be effective from the later of the following dates: the date the municipal capital facility agreement is signed, the date the tax exemption by-law is enacted, or the commencement date of the Lease with Maple Leaf Sports and Entertainment Limited (MLSE); and
- c. the Municipal Capital Facility Portion of the Facility from development charges if such charges would otherwise be exigible.

COMMENTS

The existing LOI for the proposed BTF requires MLSE to make parts of the BTF available to the public for a majority of the total available court time (approximately 4,015 hours per year according to MLSE). In return, MLSE was to receive an MCF designation that would exempt those parts of the BTF from the payment of City and school board property taxes as well as development charges.

MLSE has now proposed that the winter portion of the BTF community access time be provided instead at the new Youth Centre for Sports Development ("YCSD") being created in the old roller rink space within the Toronto Community Housing Corporation ("TCHC") building at 261 Jarvis St. According to MLSE, they have proposed the relocation of this portion of the BTF community access time to the YCSD because of challenges in scheduling community time during the Toronto Raptors' National Basketball League playing season and also because the YCSD site is much more accessible to high-priority community groups than the BTF.

The Youth Centre for Sports Development

According to TCHC, MLSE has committed to spending \$6 million to create the YCSD and this 42,000 sq. ft. multi-purpose youth-focused community programming centre facility (scheduled to open in early 2017) will include the following elements:

- Multi-purpose Gymnasium

- 3 multi-sport courts
- Climbing Wall
- Innovation Classrooms
- Community Kitchen
- Community Meeting Rooms
- Office Space for Centre programmers

The Centre is intended to be a hub for social innovation that will be focused on using sport as the driver for social outcomes. The Centre will be operated through a partnership arrangement between the MLSE Foundation, TCHC and other agencies or groups, such as City of Toronto Parks, Forestry & Recreation, Right To Play, Children’s Aid, Kid Sport Ontario, Pathways to Education, and Operation Springboard.

According to TCHC, MLSE has committed to deliver a minimum of \$2.5 million per year in sport and life development programming geared towards TCHC residents. This programming will be designed in conjunction with TCHC staff, residents and community partners following extensive consultations. The programming will be made available at no cost to the general public.

Summer Community Access Time Retained at the BTF

Under the proposed amendments to the terms originally set out in LOI, MLSE will continue to provide community programming in the BTF. The time to be made available for Parks, Forestry and Recreation's summer basketball camps will continue as planned. MLSE has also indicated that it will consider offering community based activities in the facility through the MLSE Foundation and the Raptors Foundation. A total of 1,235 hours of community use will be available annually.

City Parks, Forestry and Recreation staff support this proposed change to the level of community access time at the BTF, given the additional public access programming being provided by MLSE at the YCSD.

Deletion of the Municipal Capital Facility Designation

As a result of the reduction in community use at the BTF to a level under 50% of available court time, MLSE acknowledges that it must forego the MCF designation at the BTF. This will result in the City realizing additional property tax and development charge revenue.

The precise value of the future property taxes generated by the BTF will depend on the value assigned to the BTF by the Municipal Property Assessment Corporation. MLSE has estimated the total construction cost to be \$30 million. If this is used as an estimate of value, the total annual municipal property tax amount for the facility will be approximately \$460,000. This would represent an increase of approximately \$150,000 over the amount that would be payable with the MCF designation.

The total development charges payable for the facility would be \$798,078.06. This would represent an increase of \$270,837.18 over the amount that would be payable with the MCF designation

The Lease

Council authorized entering into a lease based on the terms set out in the LOI. The parties have settled the terms of the lease, subject to obtaining Council authority for the proposed amendments to the level of community use and the deletion of the MCF designation. As the proposed amendments must be approved before the lease can be finalized, some of the target dates established in the LOI have been adjusted accordingly.

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SIGNATURE

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