



**STAFF REPORT
ACTION REQUIRED**

**New Memorandum of Understanding for Kipling Station
Redevelopment**

Date:	May 30, 2016
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	5 – Etobicoke Lakeshore
Reference Number:	P:\2016\Internal Services\RE\Gm16029re (AFS 22876)

SUMMARY

At its meeting held on December 11, 12, and 13, 2007, City Council adopted the Recommendations contained in Item GM10.10 of the Government Management Committee authorizing the execution of a Memorandum of Understanding ("MOU") setting out the framework for agreements among the City, TTC, GO Transit and Mississauga Transit regarding the construction of a new interregional bus terminal at Kipling Station and the proposed modification to the TTC Kipling Station lands ("Kipling Station Redevelopment"). This draft MOU was never signed by the parties.

Since that time, the design concept for the Kipling Station Redevelopment has been changed resulting in changes to the Metrolinx requirements of City-owned property, and consequently the 2007 Council approved Recommendations and approval of the terms of the previous MOU are no longer applicable.

This report seeks authority for City Council to rescind the earlier 2007 Council Authority and to authorize the Chief Corporate Officer to execute a new MOU setting out the business arrangements amongst the City, TTC, Metrolinx and City of Mississauga to facilitate the new design of the Kipling Station Redevelopment which will include, among other improvements, a new interregional bus terminal at a revised location (the "Metrolinx Terminal") and the reconfiguration of the TTC commuter parking and improvements at Kipling Station. The basis of this new MOU will be substantially on the terms and conditions as contained in Appendix 1.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council rescind Item GM10.10 of the Government Management Committee as adopted by City Council on December 11, 12 and 13, 2007 entitled "*Memorandum of Understanding for Kipling Improvements to Implement the Kipling / Islington Redevelopment Initiative*".
2. City Council authorize the Chief Corporate Officer to execute the new MOU regarding the Kipling Station Redevelopment based on the revised design as shown in Appendix 4, and as provided for and substantially in accordance with the terms and conditions as set out in Appendix 1, and on such other terms and conditions as may be approved by the Chief Corporate Officer, and in a form satisfactory to the City Solicitor.
3. City Council authorize the General Manager of Transportation Services to give notice to the public of the proposed by-law to permanently close the portion of Subway Crescent shown as Parts 1 and 2 on Sketch No. PS-2016-034 as shown on Appendix 6 (the "Highway"), in accordance with the requirements of the City of Toronto Municipal Code, Chapter 162, with the Etobicoke York Community Council to hear any member of the public who wishes to speak to this matter during the consideration of the by-law.
4. City Council authorize the General Manager of Transportation Services to advise the public of the proposed closure of the Highway prior to implementation, in accordance with the requirements of the Municipal Class Environment Assessment for Schedule "A+" activities by posting notice of the proposed closure on the notices page of the City's Web Site for at least five working days prior to the Etobicoke York Community Council meeting at which the proposed by-law to close the Road will be considered.
5. City Council grant authority to transfer title to the properties municipally known as 5341 Dundas Street West and 915 Kipling Avenue, as identified in Table 3 of Appendix 5 (the "Third Party Properties") to Metrolinx for nominal consideration, and to enter into long-term lease with Metrolinx for the 915 Kipling Avenue property for commuter parking purposes and for the property at 5341 Dundas Street West, both for nominal rent and at the City's discretion and on such other terms and conditions as may be approved by the Chief Corporate Officer, and in a form satisfactory to the City Solicitor.
6. City Council authorize the Chief Corporate Officer and Director of Real Estate Services to negotiate and execute an Agreement of Purchase and Sale with Metrolinx for the sale of the City-owned properties set out in Tables 1 and 2 of Appendix 5 (the "Properties & Road") and the granting of easements with respect to the Properties & Road, in forms acceptable to the City Solicitor.

7. City Council grant authority severally to each of the Chief Corporate Officer and the Director of Real Estate Services to execute such additional leases, licences and other agreements or documents and to do all things deemed appropriate as may, in the opinion of the Chief Corporate Officer or the City Solicitor be desirable to give effect to the Recommendations contained in this report, including the extension of any consents, approvals or permissions and any amendments.
8. City Council severally authorize the Chief Corporate Officer and the Director of Real Estate Services to execute such consent on behalf of the City as owner, to the submission of any applications or documentation required in connection with any regulatory approvals in respect of the Kipling Station Redevelopment.
9. City Council authorize the City Solicitor to complete the transactions referenced in the above Recommendations on behalf of the City, including making payment of any necessary expenses, amending the closing and other dates to such earlier or later date(s), and amending or waiving the terms and conditions, as she may from time to time consider reasonable.

Implementation Points

The development of a new memorandum of understanding amongst the City, TTC, Metrolinx and City of Mississauga would facilitate the sale of the City-owned required properties to Metrolinx which are required to complete the design and construction of the Metrolinx Terminal and the overall Kipling Station Redevelopment.

Financial Impact

The Province of Ontario, Ministry of Transportation has committed funding through Metrolinx for the Kipling “transit hub” to acquire lands and build facilities within the Kipling Station Redevelopment. This commitment requires Provincial ownership and control of the Metrolinx Terminal. City of Mississauga has also committed funding up to \$5.5 million to the Kipling Station Redevelopment. Metrolinx will manage these funds in the design and constructions of the Kipling Station Redevelopment and will be responsible for any budget overruns.

Consequently, the Kipling Station Redevelopment will have no immediate financial impact to the City or the TTC. Pending finalization of the MOU and Agreement of Purchase and Sale, any potential costs arising from the sale of the Property & Road and the Third Party Properties to Metrolinx and any costs incurred in facilitating the Kipling Station Redevelopment will be recovered from Metrolinx.

The proposed sale of City-owned lands to Metrolinx would be at fair market value, except for the Third Party Properties which would be for nominal consideration. Proceeds from the sale of the lands from Metrolinx are to be deposited in the Land Acquisition Reserve Fund (LARF) (XR1012).

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

DECISION HISTORY

In 2003, City Council initiated the West District Study, which includes the Kipling/Islington area.

At its meeting on February 5, 6, and 7, 2007, City Council adopted the Recommendations in Item EX2.10 of the Executive Committee thereby approving the Kipling/Islington (K/I) Redevelopment Initiative which included the construction of a new interregional bus terminal at Kipling Station to accommodate Mississauga Transit and an accessible and relocated TTC bus terminal at Islington Station in order to provide opportunities for intensification and redevelopment at both stations. Council also approved the allocation of capital funding from the LARF as the City's contribution to the K/I Redevelopment Initiative budget, subject to the confirmation of cost-sharing commitments from other government and transportation stakeholders in this project. The LARF was to be reimbursed through any proceeds that were realized from the proposed sale of the Bloor/Islington lands to SNC Lavalin Group Inc. which would have been achieved through the relocation of the Islington bus terminal and redevelopment of these lands and the possible sale of Westwood lands.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2007.EX2.10>

At its meeting on November 14, 2007, the TTC Board approved the "*Kipling Station Redevelopment Handover to GO Transit*" report, authorizing staff to finalize the handover of the design and construction responsibilities for the interregional bus terminal, the realigned facilities, and the parking lots at Kipling Station to GO Transit.

On December 11, 12 and 13, 2007, City Council adopted Item GM10.10, *Memorandum of Understanding for Kipling Improvements to Implement the Kipling/Islington Redevelopment Initiative*, and approved, among other matters, the execution of an MOU that, when finalized between the City, TTC, GO Transit and Mississauga Transit (MT), would set out the framework for agreements amongst the parties regarding the design and construction of the new interregional bus terminal and related facilities adjacent to the Kipling Station. In addition, the eastern portion of Subway Crescent, together with City-owned lands to the south required for the Kipling interregional bus terminal were declared surplus for the purpose of transfer to GO Transit at fair market value.

In 2009, as a result of the termination of the sale transaction with SNC, City Council directed that the redevelopment of the Bloor/Islington property should be the responsibility of Build Toronto.

At its March 23, 2016 meeting, the TTC Board approved the "*Metrolinx Kipling Interregional Bus Terminal Project*" report which, among other recommendations, approved the revised design concept for the Metrolinx Terminal and modifications to the TTC Kipling Station, and authorized staff to execute all necessary agreements with the City of Toronto, Metrolinx and City of Mississauga and any other party setting out the business arrangements relative to the funding obligations, real estate transactions, and responsibilities for the design and construction of the revised project, and commuter parking replacement. Furthermore, the Board authorized that the required property interests under its operational management be released in order that it might be declared surplus by the City for the purpose of conveyance to Metrolinx at fair market value.

ISSUE BACKGROUND

Kipling/Islington Redevelopment Initiative

The K/I Redevelopment Initiative consists of the construction of a new interregional bus terminal at Kipling Station for the shared use of Mississauga Transit (MT) and Metrolinx(GO Transit), a new accessible TTC bus terminal at Islington Station, and consequent replacement of accessory transit facilities and commuter parking. This initiative was the culmination of a study since 2004 of how new transit facilities at Kipling and Islington could improve interregional transit movements and create opportunities for intensification and redevelopment of the lands adjacent to these two subway stations.

In 2008, the City completed the acquisition/expropriation of the Third Party Properties required to implement the K/I Redevelopment Initiative at Kipling Station.

Islington Station

In early 2013, the TTC advised Metrolinx of the deteriorating structural condition of a portion of the Islington Station Bus Terminal and requested that MT and Metrolinx provide a timeframe and funding commitment for the continuation of MT's use of Islington Station. In 2014, the TTC entered into agreements with Metrolinx to extend the licence agreement for MT's use of the bus terminal at Islington Station to end of 2019, which is the targeted date for completion of the Metrolinx Terminal project at Kipling Station. Metrolinx also committed to funding the temporary shoring of the portion of the Islington Station which was required to allow MT continued use of the station.

Kipling Interregional Bus Terminal

In 2007, Metrolinx took over the design and construction responsibilities of the Kipling interregional bus terminal from the TTC. The 2007 design of the terminal and associated facilities is shown in Appendix 2. This earlier design positioned the proposed interregional bus terminal and associated facilities within the Provincially-owned hydro corridor lands, situated north of the existing TTC Kipling Station and south of Dundas Street West. Changes to Hydro One restrictions for developments within the corridor lands effectively required Metrolinx to redesign the placement of the terminal, positioning the terminal outside of the hydro corridor.

In 2015, Metrolinx completed the Kipling Bus Terminal Feasibility Study. This study recommended a preferred preliminary design for the bus terminal that positioned the terminal structure outside of the hydro corridor. Following stakeholder consultation and public meetings on the feasibility study, Metrolinx indicated that they would be proceeding with the preliminary design as shown in Appendix 3. This option provided for a 14 bay bus terminal, located on the western end of Kipling Station lands outside of the hydro corridor, with direct at-grade and below-grade connections to the Kipling GO Station and TTC's Kipling Station, a separate vehicular access point for the commuter parking and Passenger & Pick-up Drop off (PPUDO) facilities.

Metrolinx Revised Design

As a result of a detailed review process with the TTC of the preliminary design of the bus terminal and proposed modifications to the existing TTC Kipling Station facilities, Metrolinx revised the design of the bus terminal relative to the south of the proposed terminal. The revised design is shown as Appendix 4. The revised design varies slightly from the preferred option of the feasibility study, where the terminal has been elongated in order to accommodate the TTC transit facilities located to the south of the terminal building and provide a pedestrian bridge connecting the Metrolinx Terminal with the Kipling GO Station.

The following are proposed modifications to the TTC Kipling Station:

- Reconfiguration of the existing Kipling North and Subway Crescent parking lots and PPUDO facility;
- North PPUDO modifications including the addition of an elevator and re-grading improvements to provide for an accessible entrance;
- Direct underground connection to main PPUDO and Metrolinx Terminal;
- South entrance to the TTC Kipling Station modifications to facilitate the addition of an accessible elevator and enlarged entrance;
- Landscaping and pedestrian pathway improvements around the TTC Kipling Station main entrance and main PPUDO entrance.

Metrolinx is not proposing any alterations to the Kipling Station main entrance, east PPUDO, entrance or bus station, including the TTC bus access and circulation.

At its meeting of March 23, 2016 the TTC Board approved the revised design and are in agreement with the revised concept.

COMMENTS

Staff of the City, TTC, Metrolinx and City of Mississauga are negotiating the terms of the a new MOU that will set out the principles for the development of the Metrolinx Terminal, related facilities and reconfiguration of the Kipling Station lands setting out the business arrangements relative to the funding obligations, real estate transactions, and responsibilities for the design and construction of the revised project, and commuter parking replacement. Agreement has not yet been reached on all the terms of the MOU, however sufficient number of issues have been resolved such that necessary Council approval, subject to the MOU being finalized, is being sought at this time.

Required Property Interests

The Metrolinx Terminal, including the pedestrian tunnel and bridges, will be primarily located on City-owned property and on a portion of Subway Crescent that will be required to be stopped up and closed. The Properties & Road are set out in Tables 1 & 2 on Appendix 5. Portions of the reconfigured Kipling North parking lot, PPUDO, landscaping and extension of Acorn Avenue, as well as portions of the TTC commuter parking replacement spaces will be situated on Provincially-owned (Infrastructure Ontario) hydro corridor lands which will be licensed to the City and TTC by Infrastructure Ontario. The facilities located within the hydro corridors will be subject to the renegotiation of existing licence agreements, and the execution of new licence and easement agreements between the City and Infrastructure Ontario.

As provided for in the Handover Plan between the TTC and Metrolinx, Metrolinx made payment to the TTC for the costs of acquisition or expropriation of the Third Party Properties. As such, Metrolinx requires the conveyance of the Third Party Properties as set out in Table 3 on Appendix 5 for nominal consideration on an “as is” basis.

Metrolinx will also require temporary access and construction rights for the portions of the project that will be located on lands that will continue to be owned by the City and IO.

Declaration as Surplus

Pursuant to Chapter 213 of the City of Toronto Municipal Code, before disposing of any property, the property must first be declared surplus and a notice of the proposed disposal and the manner of disposal must be then be given to the public.

The proposed transfers were considered and approved by the Property Management Committee. The Chief Corporate Officer has delegated authority to declare City property as surplus. By the date of consideration by City Council of this report, all steps necessary to comply with the City’s real estate disposal process respecting the Third Party Properties and the Properties & Road will have been complied with including giving the required public notice.

Any further approvals for subsequent transactions implementing the MOU will be sought through the appropriate delegated authorities.

The sale of the City lands to Metrolinx, except for the Third Party Property, will be at fair market value. Metrolinx will be responsible for all costs that would otherwise not have been incurred by the City as a result of the Kipling Station Redevelopment.

This report has been prepared in consultation with staff from TTC.

CONTACT

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SIGNATURE

Josie Scioli

Chief Corporate Officer

ATTACHMENTS

Appendix 1 – General Terms of the MOU

Appendix 2 – 2007 Design of the Kipling Interregional Terminal and Facilities

Appendix 3 – 2015 Feasibility Study (Preferred Option)

Appendix 4 – 2016 Revised Design of the Kipling Bus Terminal and Facilities

Appendix 5 – Table of Properties Required by Metrolinx

Appendix 6 – Sketch of the City-owned properties to be conveyed to Metrolinx

Appendix 7 – Sketch of Subway Crescent to be stopped up and closed

Appendix 8 – Sketch of Third Party Properties: 915 Kipling Ave. & 5341 Dundas St. W.

Appendix 1

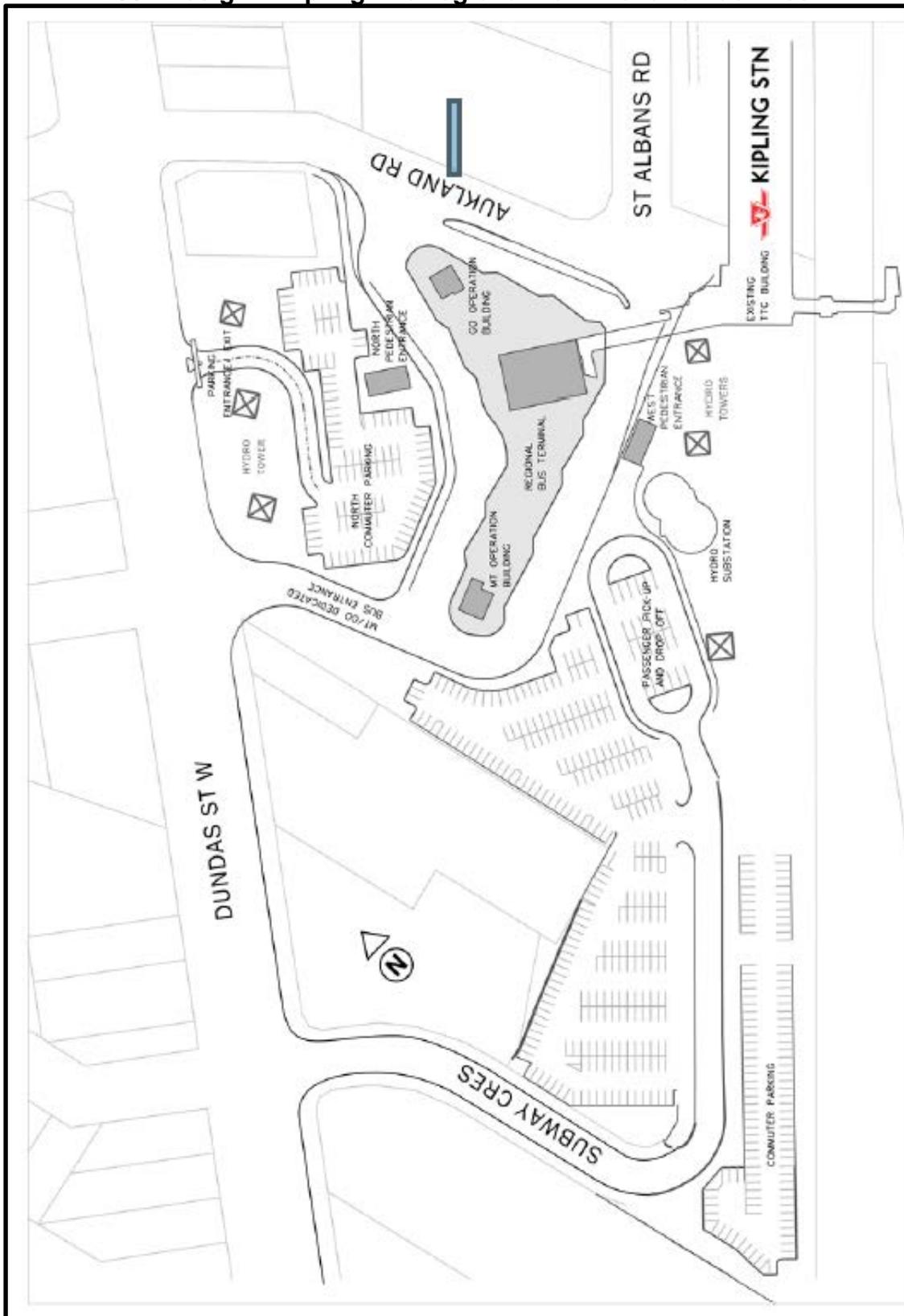
General Terms of the Kipling Station Redevelopment Memorandum of Understanding

Purpose	<p>To establish a framework for the business arrangements amongst the City of Toronto, TTC, Metrolinx and City of Mississauga for the redevelopment of Kipling Station, which includes:</p> <ul style="list-style-type: none"> • A new interregional bus terminal and re-alignment of facilities in proximity to the Metrolinx Terminal, including the construction of tunnels and bridges connecting the Metrolinx Terminal to the Kipling Subway Station, Kipling GO Station and GO platform, a west PPUDO facility • Reconfiguration of the Kipling North commuter parking lot • A new parking lot at 915 Kipling Avenue, including a portion within hydro corridor at the rear of 915 Kipling Ave. • All surface development, including pedestrian and cycle routes and roadwork; • Stop-up and closure of portion of Subway Crescent resulting in the creation of a new Subway Crescent cul-de-sac at the eastern end of the road to be closed. • Parking space replacement to be equal or greater than current parking space configuration.
Financial Matters:	<ul style="list-style-type: none"> • The Province, through Metrolinx, shall be responsible for all costs and expenses associated with the Kipling Station Redevelopment. • City of Mississauga (MT) funding commitment up to \$5,500,000. • TTC and City to be kept whole by Metrolinx throughout the development of the project.
Real Property Matters	<ul style="list-style-type: none"> • City-owned land interests identified in Table 1 of Appendix 5 and shown on Appendix 6, required for the Metrolinx Terminal and Facilities will be conveyed to Metrolinx at fair market value, subject to any necessary easements. • The stop-up, closure and sale of portion of Subway Crescent road (identified in Table 2 of Appendix 5 and shown on Appendix 7) to Metrolinx at fair market value, subject to any necessary easements. • On the basis of market value, the City is to receive compensation for the City-owned lands required for the Subway Crescent cul-de-sac, shown as Part 5 on Sketch PS-2016-033 and shown on Appendix 6. • Easements to be granted in favour of Metrolinx with respect to the bus lay-over and pedestrian bridge within City lands as

	<p>identified in Table 1 of Appendix 5 and shown on Appendix 6, as well as tunnels to be constructed on City owned lands.</p> <ul style="list-style-type: none"> • The conveyance of Third Party Properties as identified in Table 3 of Appendix 5 and shown on Appendix 8, of which Metrolinx have previously made payment to TTC thereby reimbursing the land acquisition of these properties. • Licence to construct agreement between Metrolinx, TTC & City to allow construction. • Licence agreements with Hydro One for surface parking lots and permanent easement for extension of Acorn Avenue as private roadway.
Design and Construction Provisions	<ul style="list-style-type: none"> • Metrolinx is to use Design-Build construction and delivery method. • Design phasing and submissions to TTC and City for review approval at each level/phase in project, consistent being used for Metrolinx LRT projects.
Parking	<ul style="list-style-type: none"> • Replacement of commuter parking displaced as a result of the Kipling Station Redevelopment shall be at a minimum of 1:1 ratio; and • Metrolinx to provide additional TTC commuter parking above the existing inventory of 1465 to offset additional TTC operating costs of the commuter parking replacement, including the licence costs for the hydro corridor lands. Metrolinx & TTC may explore the option of payment of cash-in-lieu to offset operating costs instead of creating additional parking spaces.
General Conditions	<ul style="list-style-type: none"> • Provincial and City of Mississauga funding commitments received. • Necessary licence agreements from Infrastructure Ontario for the use of the hydro corridor lands in place. • Construction licence agreement in favour of Metrolinx executed • Terms of operating, maintenance, and costs sharing agreements settled. • Approval and/or comments received from the City and TTC review of each phase of the project, consistent with the approach being used for Metrolinx LRT projects.

Appendix 2

2007 Design – Kipling Interregional Terminal and Facilities



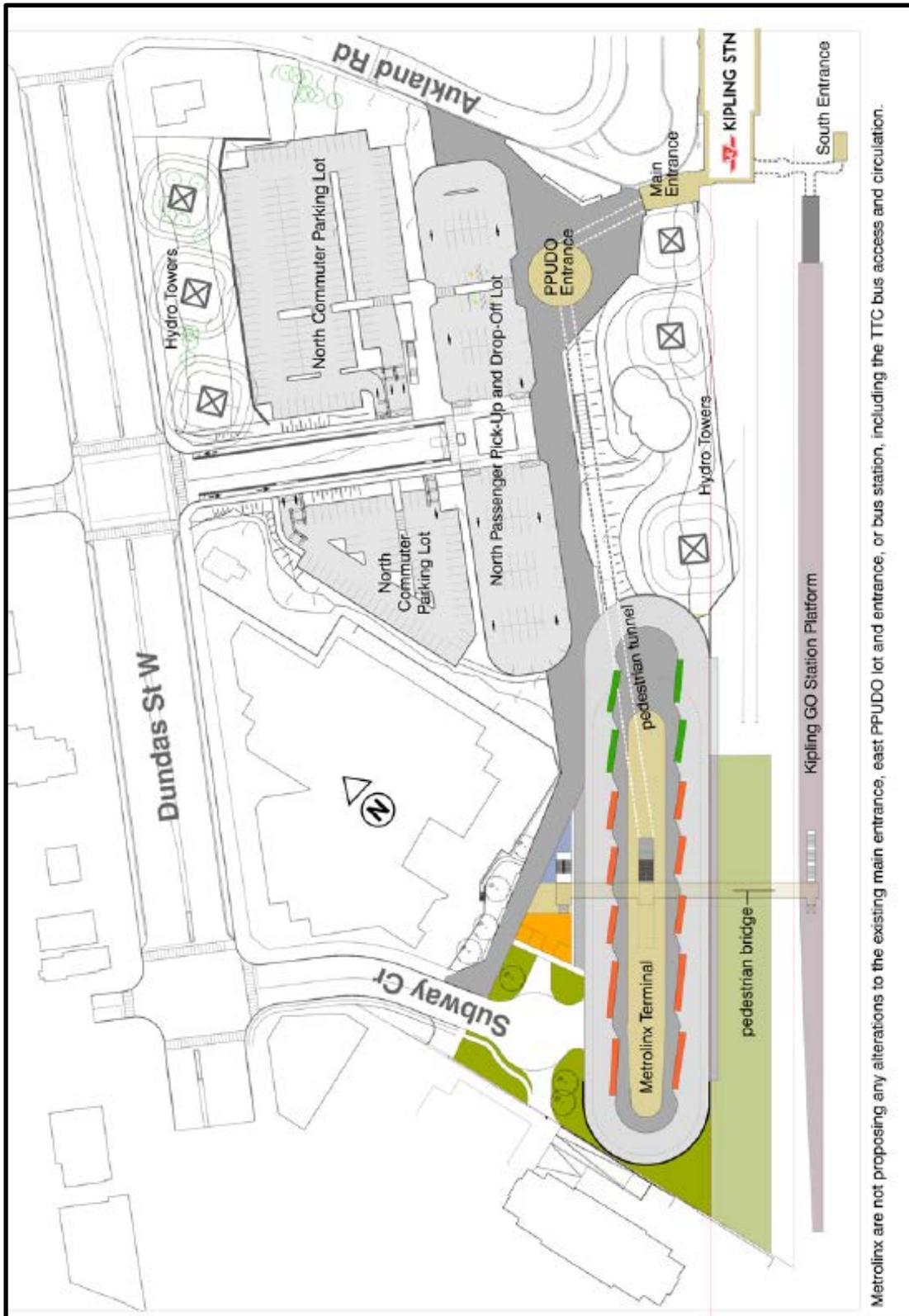
Appendix 3

2015 – Kipling Bus Terminal Feasibility Study (Preferred Option)



Appendix 4

2016 – Kipling Bus Terminal Revised Design



Metrolinx are not proposing any alterations to the existing main entrance, east PPUDO lot and entrance, or bus station, including the TTC bus access and circulation.

Appendix 5

Tables of Properties Required by Metrolinx

Table 1: Proposed conveyance of the following properties to Metrolinx at fair market value:

Address (Part of)/ Current Use	Appendix No.	Sketch No.	Part No.	Approximate Area (m ²)	Required Property Interest
120 Subway Crescent - surface parking	6	PS-2016-033	1	4,754.3	Fee Simple
95 Subway Crescent - vacant land	6	PS-2016-033	6	122.3	Fee Simple
			7	47.5	Fee Simple
99 Subway Crescent - vacant land	6	PS-2016-033	4	671.2	Fee Simple
99 Subway Crescent - vacant land	6	PS-2016-033	3	893.2	Permanent easement
95 Subway Crescent - surface parking	6	PS-2016-033	2	3,275.4	Permanent easement

Table 2: Portion of Subway Crescent to be stopped up and closed for conveyance to Metrolinx at fair market value:

Address	Appendix No.	Sketch No.	Part No.	Approximate Area (m ²)	Required Property Interest
Part of Subway Crescent	7	PS-2016-034	2	3,875.8	Fee Simple

*Note: the eastern portion of Subway Crescent to be closed, shown as Part 1 on Sketch No PS-2016-034, will be retained in City's ownership to form part of the TTC Kipling Station Lands

Table 3: Metrolinx require the conveyance of the following Third Party Properties for nominal:

Address	Appendix No.	Sketch No.	Part No.	Approximate Area (m ²)	Required Property Interest
5341 Dundas Street West	8	PS-2016-048	1	671.9	Fee Simple
915 Kipling Avenue	8	PS-2013-044	1	2,481.5	Fee Simple

As contemplated in the MOU, 5341 Dundas Street West and 915 Kipling Avenue may be leased back to the City, at the City's discretion, from Metrolinx for a term of 99 years with ninety year perpetual options for nominal consideration.

Appendix 6

Sketch of City-owned Properties Required by Metrolinx



TORONTO
ENGINEERING & CONSTRUCTION SERVICES
ENGINEERING SUPPORT SERVICES
LAND & PROPERTY SURVEYS

NOTE:
THIS SKETCH HAS BEEN
COMPILED FROM OFFICE
RECORDS, MEASUREMENTS
ARE APPROXIMATE

CHECK BY JOHN HOUSE
PREPARED BY DWAYNE FITT

PROPERTY INFORMATION SHEET

CITY OWNED LAND
PARTS OF NO. 120 SUBWAY CRESCENT (PARTS 1 AND 5),
PART OF NO. 95 SUBWAY CRESCENT
(PARTS 2, 6 AND 7) AND PARTS OF
NO. 99 SUBWAY CRESCENT (PARTS 3 AND 4).

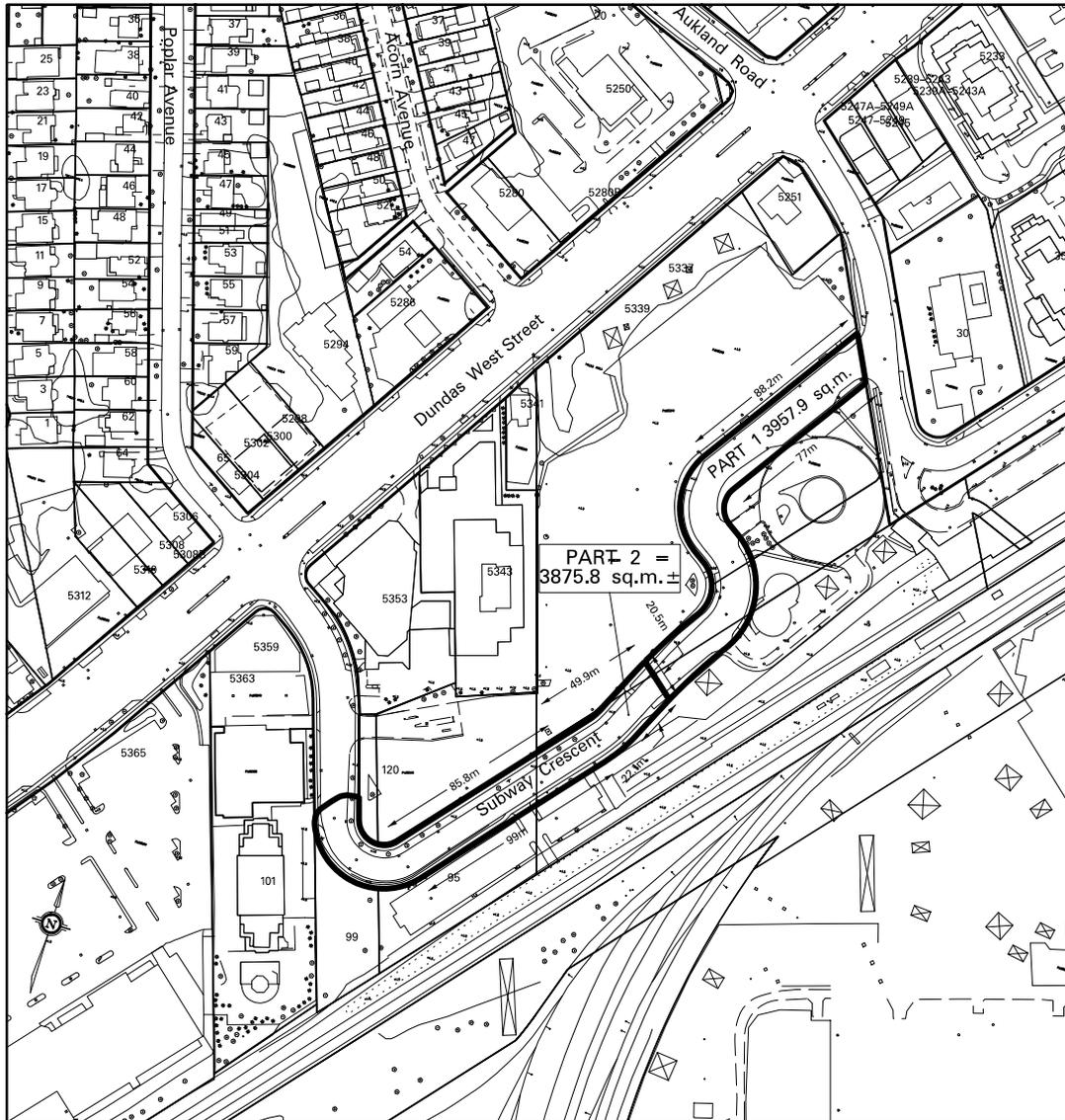
WARD 5 – ETOBICOKE-LAKESHORE
DATE: MARCH 21, 2016

SKETCH No. PS-2016-033

- Parts 1, 4, 6 & 7 – Proposed conveyance to Metrolinx for the Kipling Interregional bus terminal
- Parts 2 & 3 – Easement to be granted in favour of Metrolinx for bus layover and bridge connection to GO platform
- Part 5 – to be dedicated as public highway to form part of proposed Subway Crescent cul-de-sac

Appendix 7

Sketch of Portion of Subway Crescent to be stopped up and closed



 <p>ENGINEERING & CONSTRUCTION SERVICES ENGINEERING SUPPORT SERVICES LAND & PROPERTY SERVICES</p>	<p>PROPERTY INFORMATION SHEET</p> <p>CITY OWNED LAND</p> <p>PARTS OF SUBWAY CRESCENT</p>	
	<p>NOTE: THIS SKETCH HAS BEEN COMPILED FROM OFFICE RECORDS. MEASUREMENTS ARE APPROXIMATE</p>	<p>WARD 5 – ETOBICOKE-LAKESHORE</p> <p>DATE: MARCH 11, 2016</p>
<p>CHECK BY JOHN HOUSE</p> <p>PREPARED BY: DWAYNE PITT</p>		

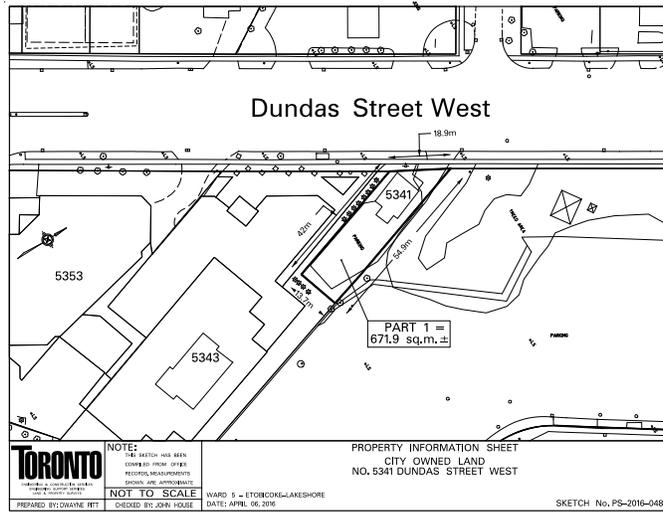
- Parts 1 & 2 - to be stopped up and closed as public highway
- Part 1 - will be retained by the City to form part of TTC PPUDO lot
- Part 2 - to be conveyed to Metrolinx

Appendix 8

Third Party Properties: 5341 Dundas Street West & 915 Kipling Avenue



5341 Dundas Street West



915 Kipling Avenue

