

## **Purchase of 915 & 945 Lake Shore Boulevard East (Showline Studios) by Toronto Port Lands Company ("TPLC") and Sale of 675 Commissioners Street by TPLC**

**Date:** December 7, 2017

**To:** City Council

**From:** Deputy City Manager, Internal Corporate Services, and the Interim Chief Financial Officer

**Wards:** 30

### **REASON FOR CONFIDENTIAL INFORMATION**

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This report is about a proposed or pending land acquisition or disposition by the City or one of its agencies or corporations.

### **SUMMARY**

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This report is seeking Council approval of the transaction terms with respect to two properties: the acquisition by TPLC of the former Showline Studios property at 915 & 954 Lake Shore Boulevard East ("the Showline Property") from Canada Post Corporation ("CP"), in exchange for the sale by TPLC to CP of TPLC's property at 675 Commissioners Street (the "TPLC Property") together with other considerations.

### **RECOMMENDATIONS**

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The Deputy City Manager, Internal Corporate Services and the Interim Chief Financial Officer recommend that:

1. City Council approve the transaction terms proposed by TPLC for the purchase of the Showline Property from CP, and the sale by TPLC to CP of the TPLC Property,

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substantially in the form set out in Appendix "A" and Confidential Attachment 1, and such other and amended terms as may be acceptable to the CEO, TPLC and the Deputy City Manager, Internal Corporate Services (the "DCM"), or his or her designate.

2. City Council authorize a loan to TPLC for the acquisition of the Showline Property to supplement TPLC's equity contribution, in an amount set out in Confidential Attachment 1. The said loan is to be repaid with all net income from the Showline Property and other TPLC revenues if required, and shall be on terms and conditions satisfactory to the DCM and Acting Chief Financial Officer, and in form satisfactory to the City Solicitor. Council considers the loan to be in the interest of the City.

3. City Council authorize TPLC's CEO to execute any agreements, transfers, consents and any other documents required to complete the transactions on the terms set out in this report.

4. City Council authorize Acting Chief Financial Officer or his designate to execute all agreements, documents and instruments necessary to implement the loan to TPLC referred to in Recommendation 2.

5. City Council severally authorize the DCM and the Director of Real Estate Services, or their respective designates, to execute the Non-Disclosure Agreement referred to in Appendix "A", and any other agreements, documents and instruments that may be necessary to complete the transactions referred to in Recommendation 1.

6. City Council authorize the public release of Confidential Attachment 1 following the closing of the foregoing transactions.

## **FINANCIAL IMPACT**

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The financial impact of the foregoing transactions, as recommended by TPLC, the DCM and Acting Chief Financial Officer, is attached in Confidential Attachment 1.

The Acting Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

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### **Study of Film and Screen Industry Studios in the Port Lands and South of Eastern Employment District and permission to purchase land to support the Film industry**

At its meeting of October 2, 3, 4, 2017, City Council adopted item ED23.7; the Study of Film and Screen Industry Studios in the Port Lands and South of Eastern Employment

District and item ED23.7a; a supplementary report on Permission to Purchase Land to Support the Film Industry.

During the presentation of these reports to City Council motions were passed and approved by Council that directed TPLC to negotiate the purchase of the Showline Property so that it could be retained for its use as a film/television studio.

Relevant Council directions included:

1. City Council directed TPLC to report back to City Council, together with the DCM and Chief Financial Officer, for approval of the transaction terms, following completion of the negotiations.

2. City Council authorized a loan to TPLC for the acquisition of the lands described in the Confidential Attachments to the supplementary report (October 3, 2017) from the Deputy City Manager, Cluster A, the Deputy City Manager, Cluster B and the DCM and Chief Financial Officer, such loan to supplement the Toronto Port Lands Company's equity contribution; the said loan is to be repaid with all net income from said lands, and other TPLC revenues if required, on terms and conditions satisfactory to the Deputy City Manager and Chief Financial Officer, and in a form satisfactory to the City Solicitor.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.ED23.7>

<https://www.toronto.ca/legdocs/mmis/2017/cc/bgrd/backgroundfile-107602.pdf>

### **Interim Control By-Law**

At its meeting on October 2, 3 and 4, 2017, City Council adopted an Interim Control By-Law to prohibit those uses that may conflict with the Port Lands Planning Framework for a period of one year.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.MM32.51>

### **Spotlight on Toronto: A Strategic Action Plan for the Film, Television and Digital Media Industry**

At its meeting on July 4, 5, 6 and 7, 2017, City Council adopted a strategic action plan for the screen industry. The Toronto Film, Television and Digital Media Board's strategic action plan, based on consultation with industry and government partners, identifies goals and recommended actions to enhance the partnership between the City and the film, television and digital media industry and seize opportunities within this rapidly evolving sector. One of the five pillars of the strategy is "Strong Fundamentals in Physical Infrastructure and Workforce Development". This pillar recommends immediate action to create opportunities for studio development and investment, and address demand for location filming.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.ED22.4>

### **Port Lands Planning Framework**

At its meeting of November 15, 2017, the Planning and Growth Management Committee recommended that City Council adopt the Port Lands Planning Framework (September 2017), prepared by the City Planning Division with Waterfront Toronto to guide the revitalization of the Port Lands. The report is on the agenda of the City

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Council meeting scheduled for December 5, 6, and 7, 2017. The Port Lands is one of the most significant urban renewal opportunities in Toronto, but also a remarkable place today. Its concentration of heritage resources, natural areas, active port and industrial uses assist in building and maintaining the broader city. It also has numerous film studios and related uses that support Toronto's film sector. An updated framework to guide and shape urban renewal is vital to ensuring all development advanced in the near, medium and longer-terms will have lasting value and support long-term city building objectives. The completion of the Port Lands Planning Framework and Villiers Island Precinct Plan represents the culmination of over four years of collaborative work by the City and Waterfront Toronto, with support from the Toronto and Region Conservation Authority and numerous City divisions and agencies, all shaped by a robust consultation program. The Port Lands Planning Framework (the Framework) is a comprehensive, 50-plus year vision for the area. It provides a context for positive change and establishes new and enhanced policy direction for the area. The enhanced policy direction forms the basis for the recommended Official Plan modifications to the Central Waterfront Secondary Plan for the Port Lands.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PG24.6>

## COMMENTS

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### **Demand for Film studio space in Toronto**

The demand for high quality studio space in Toronto is strong and growing. Film, television, digital and commercial production investment in Toronto achieved \$2.0 billion in 2016. Toronto has one of the largest screen-based industries in North America, employing over 30,000 people and is growing rapidly.

Since 2016, studios in the area have faced pressures to accommodate future development and revitalisation of the area.

Due to all these changes and development pressures, city staff, strongly supported by the local Councillor and the Toronto Film, Television and Digital Media Board, undertook a study to examine the status of the film studio development in the Port Lands area (where the Showline Studios and other studios are located).

Hemson Consulting was selected as the consultant and they worked closely with City staff, TPLC and the industry to review the state of the studio industry in the Port Lands and South of Eastern areas. This report was presented and adopted by Council at its October 2, 3, 4, 2017 meeting.

The main findings of the Study were:

- strong need for more film studios;
- diverse range of studios needed (size, cost):
- Port Lands and South of Eastern areas are ideal for film and TV studios:
- development pressures are significant in this area and could lead to loss of studio space overall.

The recommendations of the consultant included:

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- seek to maintain existing studios in the area as much as possible;
- allow longer land leases by TPLC to facilitate the time needed to recoup capital investment;
- maximize the availability of developable properties in the Port Lands;
- encourage and incent flexibility and innovation in studio design;
- limit speculation on land.

### **Sale of Showline Studios at 915 and 945 Lake Shore Boulevard East**

The owner of Showline Studios passed away in early 2017 and his heirs put the Showline Property and business up for sale. The Showline Property totals about 6.5 acres with an older studio building of 78,000 square feet containing multiple studios mostly for TV productions.

City staff had information that the potential buyers of the Showline Property were non film-studio users, and had entered into an agreement of purchase and sale for the Showline Property which had not yet closed. However, the City had a keen interest in continuing the present use of the land.

The Modification to the Official Plan for the Port Lands approved by the Planning and Growth Management Committee on November 15, 2017 recommends redesignating the site at 675 Commissioners Street to "Parks." In addition, at its meeting on October 2, 3 and 4, 2017, City Council adopted the Interim Control By-law to prohibit those uses that may conflict with the Port Lands Planning Framework for a period of one year, which include a postal sorting station. The City Planning Division work program recommended for the Port Lands in item PG24.6 will provide the opportunity to address these matters in the coming months, subject to appropriate direction from City Council.

In addition, at its meeting on October 2, 3 and 4, 2017, City Council adopted the interim control by-law to prohibit those uses that may conflict with the Port Lands Planning Framework for a period of one year, which include a postal sorting station.

Since these Council decisions, on November 17, 2017, the sale of the Showline Property to CP closed. CP had intended to use the Showline Property for its postal service needs.

The Modification to the Official Plan for the Port Lands, to be considered at this meeting, will require adjustment to accommodate this opportunity. The City Planning Division will report back on any further planning approvals required to facilitate this opportunity, subject to appropriate direction from City Council.

### **Canada Post Negotiations**

TPLC and the City consider the Showline property a valuable asset for the city's film and television industry and have negotiated a land exchange with CP, on the terms set out in Appendix "A" and Confidential Attachment 1.

On November 17, 2017, TPLC and CP signed a non-binding Letter of Intent to set out the next steps to secure the ongoing use of the Studio Property as a television and film studio and provide an alternate site for CP's mail sorting facility.

The City and TPLC have identified the TPLC Property, which is currently TPLC-owned vacant lands, as a potential alternate site for CP. The boundary of the south limit of the site will require adjustment to accommodate removal and relocation of the existing rail on the site and CP's parking requirements. The adjustment will not materially affect the use of the site because TPLC can add area from its adjoining lands to accommodate the transaction.

TPLC staff has negotiated the terms of a land exchange with CP under which, subject to City Council and TPLC Board approval, TPLC will transfer the TPLC Property to CP in exchange for the Showline Property, with additional compensation and on the terms set out in the Appendix "A" and Confidential Attachment 1.

TPLC staff has obtained an appraisal of the fair market value of the TPLC Property. The fair market value of the TPLC Property, as estimated by this appraisal, is set out in Confidential Attachment 1.

CP's position is that CP should be made whole for all of the costs incurred or expended by CP to acquire the Showline Property and potential incremental costs with respect to the TPLC Property. The costs claimed by CP are set out in Confidential Attachment 1. The estimated difference between the estimated fair market value of the TPLC Property, and the total costs claimed by CP is set out in Confidential Attachment 1.

## **CONTACT**

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## **SIGNATURE**

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## **ATTACHMENTS**

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Appendix A  
Confidential Attachment 1

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