REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Parking Management Agreement - 9 Madison Avenue

Date: December 17, 2018
To: Board of Directors, Toronto Parking Authority
From: Acting President, Toronto Parking Authority
Wards: Ward 11 (University-Rosedale)

REASON FOR CONFIDENTIAL INFORMATION

The attachments to this report are about criteria to be applied to any negotiations carried on by the Toronto Parking Authority.

SUMMARY

This report seeks the approval of the Toronto Parking Authority ("TPA") Board to enter into a parking management agreement ("Agreement") with International Estonian Centre Inc. ("Prospective Purchaser") to operate an existing 38-space surface parking facility, currently referred to as Municipal Carpark 238, located at 9 Madison Avenue, ("Property") in accordance with the terms and conditions as outlined in Confidential Attachment 1 - 9 Madison Avenue Proposed Management Agreement. This report also seeks TPA Board approval to enter into an agreement to operate the surface parking facility for the interim period after the assumption of ownership by Build Toronto Inc., and prior to the Prospective Purchaser's assumption of ownership of the Property.

RECOMMENDATIONS

The Acting President, Toronto Parking Authority recommends that:

1. The Board of Directors of the Toronto Parking Authority authorize staff to enter into an agreement with International Estonian Centre Inc. to operate a 38-space surface parking facility located at 9 Madison Avenue in general accordance with the draft agreement attached as Confidential Attachment 1 to this report (December 10, 2018) from the Acting President, and authorize the Acting President, to negotiate and enter into an agreement containing such other or amended terms and conditions as may be acceptable to the Acting President, and in a form satisfactory to the City Solicitor.

2. The Board of Directors of the Toronto Parking Authority authorize staff to enter into an agreement with CreateTO and Build Toronto Inc., as required to operate the parking facility located at 9 Madison Avenue for the interim period between the assumption of ownership by Build Toronto Inc. and the assumption of ownership by International Estonian Centre Inc. in general accordance with the proposed terms and conditions attached as Confidential Attachment 2 to this report (December 17, 2018) from the Acting President, and authorize the Acting President, to negotiate and enter into an agreement containing these terms and conditions, or such other, or amended, terms and conditions as may be acceptable to the Acting President, and in a form satisfactory to the City Solicitor.

3. The Board of Directors of the Toronto Parking Authority authorize the release of Confidential Attachments 1 and 2 after entering into the agreement contemplated in the report.

FINANCIAL IMPACT

TPA staff projects the Property to generate Gross Revenues (net of HST) of approximately $3,690 (net of HST) per stall per annum for a total of $140,220. The management fee for the term of the Agreement is estimated to be $25,960, and will be 25% of the Net Revenue Proceeds (net of HST) for the facility. Net Revenue Proceeds is calculated by taking Gross Revenue less Operating Expenses, which includes maintenance costs, snow clearing and other ongoing operating expenses. The Operating Expenses for the one year term of the Agreement are estimated as $36,380.The Prospective Purchaser will be responsible for all utilities and property taxes.

DECISION HISTORY

City Council at its April 24, 25, 26 and 27, 2018 meeting adopted Item GM26.17, granting authority to Real Estate Services to enter into an agreement to transfer portions of the property at 9 Madison Avenue to CreateTO's corporate entity, Build Toronto Inc. for the purpose of development.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM26.17

COMMENTS

TPA has been approached with the opportunity to manage the existing 38 - space public parking facility at the Property on behalf of the Prospective Purchaser. CreateTO currently has a pending agreement of purchase and sale with the Prospective Purchaser concerning the Property. The Prospective Purchaser will become the owner upon the transfer of the Property on the anticipated closing date of December 19, 2018. In March 2018, the responsibility for the Property was transferred to CreateTO and the associated corporate entity, Build Toronto Inc. with Council's adoption of Item GM26.17.

However, although the transfer was authorized in March 2018, TPA staff were informed that the transfer of ownership between the City and Build Toronto Inc. will occur on December 19, 2018, and the transfer between Build Toronto Inc. and the Prospective Purchaser is scheduled for December 19, 2018. TPA has been operating the Property as Municipal Carpark 238 since January 2011 under a Master Umbrella Agreement ("MUA") with the City of Toronto. As an indirect result of the City Council decision to transfer responsibilities concerning the Property, TPA is now operating a parking lot on the Property on an "overhold" basis, pending the transfer of ownership of the Property. Staff were only recently made aware of the plans to transfer ownership of the Property and immediately sought to obtain the necessary agreements from the affected parties to allow TPA staff to continue operating the parking facility and occupying the Property without interruption.

Due to the short timeframe, prior to the anticipated transfer of ownership of the Property, the December 19, 2018 TPA meeting provides the only opportunity to obtain authority to enter into the necessary agreements prior to the transfer of the Property and avoid the expense and complications arising from the service interruptions. Confidential Attachment 2- 9 Madison Avenue Interim Agreement Term and Conditions contains terms and conditions to address the TPA's occupation of, and operation of a parking facility located at, the Property for the interim period between the assumption of ownership by Build Toronto Inc. and the assumption of ownership by International Estonian Centre Inc.

The Prospective Purchaser, believes obtaining approvals and permits required for the Prospective Purchaser's intended redevelopment of the property will take at least one year to obtain, and so the Prospective Purchaser has decided that TPA should to operate the facility for a term of a one year. Confidential Attachment 1 - 9 Madison Avenue Proposed Management Agreement, contains a draft agreement, which TPA staff believes the Prospective Purchaser has agreed to, pending TPA Board Approval. This Agreement is subject to TPA Board Approval and contingent on the Prospective Purchaser becoming the owner of the Property. If appropriate, TPA staff will take appropriate action to request additional approval, to enter into an agreement to operate the facility for an additional period after the conclusion the term of the proposed agreement.

Site Location and Particulars

The Property is approximately 1,127 square meters (12,129 square feet) located north of Bloor Street West, east of Spadina Avenue in close proximity to the University of Toronto campus, in Ward 20 - Trinity Spadina. The site is surrounded by an established residential community and mixed-use buildings to the north, east and west.

Parking Supply, Demand and Operations

Based on the 2017 Profit and Loss statements, TPA staff have confirmed that parking demand is sufficient to support a viable public parking facility at this location. Site condition has also been reviewed and no capital work is necessary. The Parking Facility will be operated 24 hours per day, 7 days per week under pay-and-display mode, also with the option for customers to pay using the Green P Mobile App. The one (1) pay-and-display machine will remain onsite. Proposed rates for the Property are outlined in Table 1 below.

Table 1 - Proposed Parking Rates	
Half-hour rate:	$1.50
Day Maximum	$10.00
Evening Maximum	$6.00
Event Rates:	To be determined on an event by event basis

Summary of the Parking Management Agreement

A summary of some of the terms and conditions of the Agreement, attached as Confidential Attachment 1 is provided in Table 2 below.

Table 2 - Proposed Terms and Conditions	
Commencement Date:	December 19, 2018 or on a date to be mutually agreed to
Term:	One (1) year
Net Revenue Sharing:	Net profits shared 75% (Prospective Purchaser) and 25% (TPA)
Operating Expense:	Operating expenses resulting from the operation of the parking facility including, but not limited to enforcement, snow clearing and maintenance will be deducted from the revenue before the parking revenues are shared. The property taxes and utilities will be the responsibility of the Prospective Purchaser.
Termination:	Either party has the right to terminate at any time with 30 days prior written notice to the other party.
TPA Obligations:	Operate the Carpark during the hours of operation; Maintain the Pay and Display machines; Provide parking enforcement; Supply and install all TPA branded signage; Keep the Carpark free and clear of litter and debris; Make and pay for any repairs and maintenance; Perform snow clearing duties; and Maintain commercial general liability insurance
Purchaser Obligations:	Insure the Carpark with "all risks" property insurance Pay property taxes and utilities

Upon receiving TPA Board approval, TPA staff will coordinate the final execution of the legal documents, related to this matter.

CONTACT

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SIGNATURE

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Robin Oliphant
Acting President, Toronto Parking Authority

ATTACHMENTS

Confidential Attachment 1: 9 Madison Avenue - Proposed Parking Management Agreement

Confidential Attachment 2: 9 Madison Avenue - Interim Agreement Terms and Conditions