

## **Property Acquisition for New TTC Bus Garage and Additional Operational Uses**

**Date:** December 8, 2021

**To:** City Council

**From:** The City Manager and the Executive Director, Corporate Real Estate  
Management

**Wards:** Ward 3 - Etobicoke-Lakeshore

### **REASON FOR CONFIDENTIAL INFORMATION**

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This report deals with a proposed or pending acquisition or disposition of land by the City of Toronto (the "City").

### **SUMMARY**

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The purpose of this report is to obtain City Council approval for the City to move forward on the strategic acquisition of a suitable industrial property (the "Property") for the future site of a new Toronto Transit Commission ("T.T.C.") garage and maintenance facility (the "10th Garage"). The Property is ideally situated and can offer interim T.T.C. uses until such time that a garage on the Property is constructed. Given the parcel size, additional long-term T.T.C. uses could be incorporated during the Property's redevelopment process. The description of the Property, its suitability and terms and conditions of the acquisition are described in Confidential Attachment 1 to this report. The Property is considered to be a strategic acquisition that aligns with the T.T.C. Capital Investment Plan 2021-2035, its Real Estate Investment Plan, CreateTO's Industrial Portfolio Strategy, and the Council-adopted Strategic Acquisition Policy under City-Wide Real Estate model.

On December 8, 2021, the Toronto Transit Commission Board approved recommendations concerning this strategic acquisition and is available for City Council review as an attachment to this City report.

## RECOMMENDATIONS

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The City Manager and the Executive Director, Corporate Real Estate Management recommend:

1. City Council authorize the Deputy City Manager, Corporate Services, to negotiate and execute a Letter of Intent, agreement of purchase and sale and any additional or ancillary agreements required for the acquisition of the Property identified in Confidential Attachment 1 of this report, substantially on the terms and conditions outlined in Confidential Attachment 1 of this report, and on such other additional or amended terms and conditions as may be acceptable to the Deputy City Manager, Corporate Services, and in a form satisfactory to the City Solicitor.
2. City Council adopt the confidential instructions to staff in Confidential Attachment 1 of this report, and T.T.C. Board Transmittal - Confidential Attachment 1 and that the information remain confidential at this time as it pertains to a proposed or pending acquisition of land.
3. City Council authorize the public release of Confidential Attachment 1 of this report and T.T.C. Board Transmittal - Confidential Attachment 1 following the closing of any purchase transaction and any other related ancillary agreements.
4. City Council forward this report, City of Toronto Confidential Attachment 1, City of Toronto Attachment 2 - T.T.C. Board Transmittal, and T.T.C. Board Transmittal - Confidential Attachment 1, be forwarded to the CreateTO Board for their information.

## FINANCIAL IMPACT

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The financial details are included in the Confidential Attachment 1 of this report.

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with these programs for review as part of the 2022 budget process.

## DECISION HISTORY

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On December 8, 2021 the T.T.C. Board adopted a report to obtain approval to request City of Toronto staff negotiate for the acquisition of an industrial property that is strategically located and highly suitable as the future site of a new T.T.C. garage and maintenance facility (10th garage).

[https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2021/December-8/8\\_Property\\_Acquisition\\_for\\_New\\_TTC\\_Bus\\_Garage\\_and\\_Additional.pdf?rev=6d7496c0d4cf4dedb86d52c19ea8c030&hash=85CB90BFEEA1D9331BCD9150B6DD2B52](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2021/December-8/8_Property_Acquisition_for_New_TTC_Bus_Garage_and_Additional.pdf?rev=6d7496c0d4cf4dedb86d52c19ea8c030&hash=85CB90BFEEA1D9331BCD9150B6DD2B52)

On November 9, 2021, City Council adopted Item EX27.4 City-wide Real Estate - Next Phase of Implementation, approving the Strategic Acquisition Policy and other actions to advance the implementation of the City-wide Real Estate model.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX27.4>

On December 31, 2020 the fifth extension of the 40 Carl Hall Road lease expired. At its meeting on December 15, 2020, the T.T.C. Board approved that the City of Toronto, on behalf of T.T.C. enter into a short-term lease for two years as further renewals would be unlikely due to the owner's redevelopment plans. After the expiry of this lease, replacement of this space is required.

[https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2020/December\\_15/Reports/4\\_40\\_Carl\\_Hall\\_Road\\_Industrial\\_Space\\_Lease.pdf?rev=712c775ead6845788aad67d8034ee481&hash=B3673FA8F15A8DD1F492641EBE933BAF](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2020/December_15/Reports/4_40_Carl_Hall_Road_Industrial_Space_Lease.pdf?rev=712c775ead6845788aad67d8034ee481&hash=B3673FA8F15A8DD1F492641EBE933BAF)

On June 18, 2019, City Council endorsed the Master Plan for 1627 and 1675 Danforth Avenue and requested the Board of Directors of CreateTO, T.T.C. and City to determine the preferred location for T.T.C. administrative functions and make any necessary changes to the Master Plan if required. This results in the relocation of T.T.C. industrial uses from this site.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX6.9>

At its meeting on April 16, 2018, the T.T.C. Board approved the terms of a commercial transaction as the best option to enable redevelopment of the lands at Yonge-Eglinton. This results in the need to relocate the existing T.T.C. industrial uses from this site.

[https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2018/April-16/1\\_Redevelopment\\_of\\_TTC\\_Lands\\_at\\_Yonge-Eglinton.pdf?rev=f586b76dcd0346818280f7aa12f2b3ea&hash=7705A03BE440B9630E0F16D00F4C9E50](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2018/April-16/1_Redevelopment_of_TTC_Lands_at_Yonge-Eglinton.pdf?rev=f586b76dcd0346818280f7aa12f2b3ea&hash=7705A03BE440B9630E0F16D00F4C9E50)

At its meeting on November 30, 2016, the T.T.C. Board approved the purchase of 1810 Markham Road to expand the Malvern Garage Facilities.

[https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2016/November-30/Reports/10\\_Proposed\\_Acquisition\\_of\\_Property\\_for\\_TTC\\_Bus\\_Operations.pdf?rev=9df65434be8942c99c468d8640155a97&hash=36B235236B8C5D28CA3F7A48BF8D1B91](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2016/November-30/Reports/10_Proposed_Acquisition_of_Property_for_TTC_Bus_Operations.pdf?rev=9df65434be8942c99c468d8640155a97&hash=36B235236B8C5D28CA3F7A48BF8D1B91)

At its meeting on September 28, 2015, the T.T.C. Board approved authorization to negotiate and enter into a lease for 21 Don Roadway to accommodate the increasing warehouse space requirement for the Materials and Procurement Department. This lease expires in June 2022 and replacement space is required.

[https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2015/September-28/Reports/Lease\\_of\\_Warehouse\\_Space\\_21\\_Don\\_Roadway.pdf?rev=b94433ff952c4ee390f292eb57d28a06&hash=2C91ABF4C9C605F2E86744B9DF6BE85A](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2015/September-28/Reports/Lease_of_Warehouse_Space_21_Don_Roadway.pdf?rev=b94433ff952c4ee390f292eb57d28a06&hash=2C91ABF4C9C605F2E86744B9DF6BE85A)

At its meeting on June 22, 2015, the T.T.C. Board authorized pre-approval of an Offer to Lease an interim bus storage and maintenance facility at 8301 Keele Street. Given the

environmental conditions of this property realized through the due diligence period, this lease was not pursued.

[https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2015/June-22/Reports/Concord\\_Lease.pdf?rev=16e361be94164750912406b51164001f&hash=56FA6C95DD E8BD5014C2EEAAA06466B4](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2015/June-22/Reports/Concord_Lease.pdf?rev=16e361be94164750912406b51164001f&hash=56FA6C95DD E8BD5014C2EEAAA06466B4)

On April 30, 2014, the T.T.C. Board received for information a staff report titled “Status of Planning Activities for the McNicoll Bus Garage”, which informed the future uses for McNicoll Bus Garage.

[https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2014/April-30/Reports/C4\\_Extension\\_of\\_Redlea\\_Avenue\\_TTC\\_Bus\\_Garage\\_on\\_McNicoll\\_Ave.pdf?rev=06a5b50ff51e4a4d9f3c126156c1e6e7&hash=57051189D40DD035AB36D21DC3473B9C](https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2014/April-30/Reports/C4_Extension_of_Redlea_Avenue_TTC_Bus_Garage_on_McNicoll_Ave.pdf?rev=06a5b50ff51e4a4d9f3c126156c1e6e7&hash=57051189D40DD035AB36D21DC3473B9C)

## COMMENTS

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In October 2021, the Toronto Transit Commission ("T.T.C."), the City and CreateTO became aware of a suitable industrial property (the "Property") for the potential future site of a new T.T.C. garage and maintenance facility (the "10th Garage") to meet the projected growth and loss of space. The Property is considered to be a strategic acquisition that aligns with the T.T.C. Capital Investment Plan 2021-2035, its Real Estate Investment Plan, CreateTO's Industrial Portfolio Strategy, and the Council-adopted Strategic Acquisition Policy under City-Wide Real Estate model.

### **T.T.C. Requirement for a 10th Garage**

T.T.C.'s Capital Investment Plan 2021 – 2035 and Real Estate Investment Plan identifies a need for a 10th garage by 2038 to provide maintenance and storage capacity to accommodate anticipated growth in the bus fleet. Industrial warehousing and support space is needed to address expiration of several leases and space displacement due to redevelopment or transfer of properties, such as the redevelopment of the Danforth Garage as a Housing Now site and the redevelopment of the Eglinton Garage by Oxford Properties. It also provides a unique opportunity for T.T.C. to develop a specialized maintenance facility to support T.T.C.'s transition to a zero-emissions fleet by 2050. This would support the City's Greenhouse Gases emissions reduction work and strategies.

### **Alignment with the City-Wide Real Estate Model and Council-approved Strategies**

In 2018, CreateTO was established to provide oversight and direction for the City's real estate portfolio, develop lands for City purposes, and deliver real estate solutions to City divisions, agencies and corporations. In 2019, City Council directed CreateTO to undertake a review of the City's eleven (11) real estate asset types and recommended opportunities to make better use of real estate and meet City needs. Industrial lands, a key feature of the Property, is an asset type that staff recommend as part of the Industrial Portfolio Strategy for City Council to consider for long-term City industrial use.

Such acquisitions would help address the overall low supply of industrial properties and ensure sufficient industrial lands are available to service Toronto communities.

The strategic acquisition also conforms with all three criteria of the City's Strategic Acquisition Policy, adopted by City Council in November 2021, including strategic fit (i.e. enabling City Strategic Priorities, supporting City-wide Real Estate Portfolio goals), financial impact (i.e. cost savings in light of likely rising industrial land values during the next 10 years) and use assessment (i.e. suitability of property and location). Details of the financial impact and the suitability of the Property can be found in Confidential Attachment 1 of this report.

### **Next Steps**

For the 10th Garage to be operational by 2038, the proposed Property should be secured at least ten years prior to allow for adequate design, construction and financing schedules.

Staff recommend that the City move forward on this strategic acquisition to meet T.T.C.'s operational requirements. The City's execution of the agreement will be conditional on being satisfied with the transaction and environmental due diligence.

Additional information is available in the T.T.C.'s December 8, 2021 Board report related to the acquisition of the Property and in the Confidential Attachment 1 of this report.

### **CONTACT**

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### **SIGNATURE**

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Chris Murray  
City Manager

Patrick Matozzo  
Executive Director, Corporate Real Estate Management

## **ATTACHMENTS**

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City of Toronto Confidential Attachment 1 - Details of Property, Financial Analysis and Proposed Transaction

City of Toronto Attachment 2 - T.T.C. Board Transmittal - 2060.8 - Property Acquisition for New T.T.C. Bus Garage.

T.T.C. Board Transmittal - Confidential Attachment 1 - Property Acquisition for New TTC Bus Garage and Additional Operational Uses