REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

2053 Dufferin Street: Car Park 670

Date: February 4, 2021
To: Board of Directors, Toronto Parking Authority
From: President, Toronto Parking Authority
Wards: Ward 12: Toronto – St. Paul's

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains Financial Information that belongs to the Board of Directors of Toronto Parking Authority and has monetary value or potential monetary value.

SUMMARY

Toronto Parking Authority (TPA) operates a 23-space, surface car park at 2053 Dufferin Street known as Car Park 670. The car park is comprised of both lands owned by the City of Toronto, as well as, a 2.47 metre (m) wide strip of the northern portion of 2045 Dufferin Street (Private Premises). The Private Premises was operated under a Parking Management Agreement with the owner of the Private Premises, Dufferin Street Professional Clinic Inc. (Owner), authorized by TPA Board of Directors in 2007.

As part of its ongoing review of underperforming locations, TPA has identified Car Park 670 as a candidate location for disposal. Demands for parking at this location have been consistently low for a number of years and TPA has realized net losses in each of the 14 years prior. TPA has evaluated a range of options to improve the financial performance of Car Park 670, but has concluded that the operating expenses incurred at Car Park 670 will continue to exceed the revenues generated for the foreseeable future, regardless of the structure of the arrangement. A detailed analysis of the operations at Car Park 670 and the various options considered by TPA to improve financial performance is provided herein.

Given the low demand for parking, the continued financial losses and the availability at other TPA lots operating nearby, TPA is recommending that TPA Board of Directors declare the property at 2053 Dufferin Street surplus to the operational needs of TPA and refer the property to Corporate Real Estate Management (CREM) to make available for other City Divisions, Agencies and Corporations. Should there be no interest in the

property expressed by other City Divisions, Agencies and Corporations, the property would be made available for purchase on the open market.

In addition, this report addresses the status of the Private Premises that are being used by TPA for the expanded operation at Car Park 670. TPA's use of these lands was the subject of a parking management agreement that expired in 2017. While the terms and conditions of the parking management agreement have continued to be honoured since the expiry of the agreement, authority is being requested to formally acknowledge the arrangement with the owner of the Private Premises and resolve all outstanding issues at 2053 Dufferin including the payment of all fee arrears and capital work needed to restore the Private Premises to their original condition.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

1. The Board of Directors of Toronto Parking Authority direct that the information contained in Confidential Attachment 1 remain confidential in its entirety, at the discretion of the City Solicitor, as it pertains to financial information that belongs to the Board of Directors of Toronto Parking Authority and has monetary value or potential monetary value;

2. Toronto Parking Authority Board of Directors declare the property located at 2053 Dufferin Street as surplus to the operational requirements of Toronto Parking Authority;

3. Toronto Parking Authority Board of Directors direct Toronto Parking Authority to notify Corporate Real Estate Management that the property is surplus to the operational requirements of Toronto Parking Authority and that Corporate Real Estate Management be requested to make the property located at 2053 Dufferin Street available to City Divisions, Agencies and Corporations, and that should there be no interest, that the property be disposed in keeping with the standard approach to disposition of lands;

4. Toronto Parking Authority Board of Directors authorize the President, Toronto Parking Authority to negotiate, enter into and execute an Agreement with the Owner to resolve all outstanding issues at 2045 Dufferin Street, including the payment of all arrears, and further management fees for a period not exceeding 18 months from February 8, 2021 and capital work needed to restore the Private Premises to their original condition;

5. Toronto Parking Authority Board of Directors direct Toronto Parking Authority to terminate all operations at Car Park 670 as soon as practical and request Corporate Real Estate Management to apply a Municipal Capital Facility designation to the site; and

6. Toronto Parking Authority Board of Directors request City Council to remove Car Park 670 located at 2053 Dufferin Street from the list of municipal parking facilities identified in Chapter 950 of the Toronto Municipal Code.

FINANCIAL IMPACT

TPA acquired 2053 Dufferin Street in 2007 for a total of $325,000 and has been operating a surface car park at this location since that time. As noted, TPA Board of Directors authorized TPA to enter into a parking management agreement in 2007 for the 2.47 m strip of the northern portion of 2045 Dufferin Street comprising the Private Premises.

The parking management agreement provided the Owner with a portion of the revenues obtained not only from parking operations on the Private Premises, but also the parking operations located at 2053 Dufferin Street. In addition, the parking management agreement obligated the TPA to restore the Private Premises to their original condition, as illustrated in Appendix A. The cost to restore the Private Premises has been estimated at approximately $175,000 - $225,000.

Although the Agreement expired on September 16, 2017, the arrangement continued to be honoured by TPA and the Owner. Notwithstanding, the Owner requested and TPA agreed through an informal amendment to the agreement, to apply a fixed monthly fee of $800, excluding Harmonized Sales Tax (HST), for TPA's continued use of the Private Premises. The terms of the agreement were not otherwise amended.

During 14 years of operation, Car Park 670 has consistently generated net losses. The poor financial performance at this location can be attributed to low parking demands in the area with the peak occupancy rate at this location not surpassing 42 percent over the past three (3) years. A financial summary of Car Park 670 over the last three (3) years is included in Table 1 with additional details provided in Confidential Attachment 1.

Table 1: Financial Summary 2017-2019

Year	2019	2018	2017
Peak Occupancy	42 percent	39 percent	40 percent
Transactions	12,120	11,339	12,015
Net Loss	($32,166)	($28,625)	($21,833)

TPA has evaluated a range of options to improve the financial performance of Car Park 670. Based on the analysis carried out, TPA is recommending that the Parking Management Agreement with the Owner be terminated and that 2053 Dufferin Street be declared surplus to TPA's operational requirements. Operation of Car Park 670 would be terminated as soon as practically possible and to minimize expenses following the closure, it is further recommended that TPA work with CREM to apply a Municipal Capital Facility designation to the site

It is estimated that $200,000 to $250,000 would be required to resolve all outstanding issues concerning 2045 Dufferin Street, including the payment of all arrears for the new modified Parking Management Agreement, further fees for a period not exceeding 18-months from February 8, 2021, and the capital work needed to restore the Private Premises to their original condition. TPA has accrued the site restoration expenses and anticipates proceeds on disposition to offset any purchase expenses and operating losses.

DECISION HISTORY

At its meeting of July 24, 2007 (*Board Minute Number 07-133*), TPA Board of Directors recommended staff approve a parking management agreement with the owner of 2045 Dufferin Street to expand Car Park 670 to a 23-space surface parking facility to service the short-term parking needs in the area. The report can be found in full in Appendix B. Please note that this report was an In-Camera Board Memorandum when brought to the TPA Board of Directors in 2007. It is now authorized for public release by the President, Toronto Parking Authority, as of January 25, 2021.

COMMENTS

Background

Car Park 670 was acquired in anticipation of future land use changes that would trigger both a higher demand for parking and an opportunity to redevelop the site as the value of the property appreciated with time. Investments in the Dufferin and Rogers area have not occurred as quickly as expected and in discussions with CreateTO and City Planning, it is not anticipated that the level of intensification needed to feasibly redevelop this site will occur for at least 20 years. Opportunities at that time may be further limited due to the depth of the lot and the presence of low-density residential land uses that are located to the east of the property.

Site Location(s)

The property known as 2053 Dufferin Street is located on the east side of Dufferin Street, north of Rogers Road and measures approximately 15.24 meters by 36.58 meters, which cannot allow for more than 17 total parking spaces. Before commencing construction of the car park, TPA approached the Owner of the medical office building to the south to gauge if there was interest in allowing TPA to use a portion of the adjacent property to allow for a second full row of parking.

The property containing the medical office is located at 2045 Dufferin Street and includes a 2.47 m wide strip of land that has been incorporated into operations referred to as Car Park 670. TPA agreed to provide access to the rear private parking lot of 2045 Dufferin Street through the car park at 2053 Dufferin Street as part of a parking management agreement. Access to the rear of 2045 Dufferin Street is controlled by a mechanical gate that was relocated at TPA's expense under the parking management agreement.

Car Park 670 is located across the street from Car Park 658, another surface car park operated by TPA located at 2054 Dufferin Street. Car Park 658 contains 94 number of spaces with access provided to and from Dufferin Street via a public lane.

Parking Supply and Demand

Parking demands in the Dufferin Street and Rogers Road area are served by both Car Park 658 and Car Park 670. Table 2 provides a summary of the parking supply and demand at both locations. Table 3 provides a summary of the current parking rates at Car Park 658 and Car Park 670.

Table 2: Parking Demands Summary for Car Park 670 and Car Park 658

Location	No. of Spaces	2019 Peak Occupancy	2019 Transactions	2018 Peak Occupancy	2018 Transactions	2017 Peak Occupancy	2017 Transactions
Car Park 658	94	16 percent	6,880	17 percent	6,712	13 percent	5,724
Car Park 670	23	42 percent	12,120	39 percent	11,339	40 percent	12,015

Table 3: 2021 Parking Rates at Car Park 670 and Car Park 658

Location	Half Hour Rate	Day Max Rate	Evening Rate
Car Park 658	$1.00	*$4.00	None
Car Park 670	$1.00	$6.00	$3.00

*Note: The $4.00 rate at Car Park 658 is for any continuous 24-hour period

TPA’s performance review of Car Park 670 resulted in three (3) options being developed to assess how improvements to the operation of Car Park 670 could be made. The analysis of the three options considered is as follows.

Option 1 – Cease Operations on 2045 Dufferin Only

A smaller and reconfigured Car Park 670 without the Private Premises would only contain 17 parking spaces. Due to the reduction in parking supply and the lack of parking demand in the area, Car Park 670 is projected to continue generating net losses for the foreseeable future.

The Private Premises would have to be restored if TPA chooses to end its relationship with the Owner and operate Car Park 670 solely on TPA lands. The cost to restore the Private Premises has been estimated at approximately $175,000 - $225,000.

Option 2 – Maintain Existing Operations on Both 2045 Dufferin and 2053 Dufferin

The negotiation of a new agreement with the Owner of 2045 Dufferin Street would allow TPA to continue to operate Car Park 670 in its current configuration. It is anticipated that this renegotiation will result in additional monthly fees for the use of the lands over and above the current $800 monthly licence fee. Should TPA enter into a new agreement to continue the use of the Private Premises, Car Park 670 is projected to continue generating net losses over the next 20 years.

Option 3 – Cease Operations on 2045 and 2053 Dufferin and declare 2053 Dufferin Surplus

TPA engaged CreateTO in August 2020 to examine potential interest in 2053 Dufferin Street from other City Divisions, Agencies and Corporations. CreateTO is also carrying out a detailed assessment of the site and its development potential. Preliminary feedback suggests limited City interest and development potential given the location and adjacent type and density of land use.

2053 Dufferin Street is located across the street from Car Park 658, which contains a total of 94 spaces (refer to Appendix C, which includes a map showing the two car parks). A portion of Car Park 658 is currently leased to Vescio Funeral Homes Inc., but is otherwise also underutilized and underperforming. TPA has also been working with CreateTO to assess potential city-interests in Car Park 658.

While a divestiture of TPA's interest in Car Park 658 would increase demands at Car Park 670, CreateTO has advised that it is unlikely that another use for Car Park 658 will be identified in the short-term because of the following reasons:

- The parcels of property comprising Car Park 658 are not accessible off of a public road;
- The Car Park 658 lands are surrounded by single-family homes; and
- Car Park 658 does not have frontage on Dufferin Street.

Given the limited potential uses for the Car Park 658 lands and concerns that would arise if TPA vacated the operation and the site was maintained as a vacant lot, it is recommended that TPA refocus its parking operations in this area on Car Park 658 instead of Car Park 670.

CREM has appraised the property at 2053 Dufferin Street at between $1.7 and $1.9 million. Should 2053 Dufferin Street be declared surplus and the property disposed, this is the only option where TPA will generate a Net Profit from the site over the next five-year period. Restoration of the Private Premises would need to be completed by TPA prior to the sale of the property or be transferred as an obligation to the future owner as part of the sale. The cost to restore the Private Premises has been estimated at approximately $175,000 - $225,000.

Recommended Option

On the basis of the options evaluated, TPA is recommending that Car Park 670 be declared surplus to its operational requirements. Should the property be disposed of, TPA will be required to restore the Private Premises to its' original condition. Authority to award a contract to carry out this work would be requested at a future TPA Board of Director meeting, as appropriate.

TPA will also work with Transportation Services to identify potential locations for paid on-street parking in the Dufferin Street and Rogers Road area. New on-street paid parking could be used to offset the parking spaces lost through the disposal of Car Park 670. TPA will also continue to work with local stakeholders to evaluate the impacts the disposal of Car Park 670 would have on the community.

Parking Management Agreement

The key terms and conditions of the Parking Management Agreement (Agreement) with the Owner of the Private Premises are included in Table 4. A full copy of the Agreement is included in Confidential Attachment 1.

Table 4: Key Terms and Conditions of Parking Management Agreement

Terms and Conditions	Description
Location	2045 Dufferin Street
Licensor	Dufferin Street Professional Centre Inc.
Term	Ten (10) Years
Option to Extend	One (1) Five (5) year option upon completion of the initial term

Terms and Conditions	Description
Commencement Date	September 17, 2007
End Date	September 16, 2017
Management Fee	Owner receives 25 percent of Annual Net Revenue of the total of parking operations at both 2045 Dufferin and 2053 Dufferin

TPA entered into the Agreement with the Owner to expand Car Park 670 from 17 to 23 spaces and increase its revenue generating potential accordingly. Although the Agreement expired on September 16, 2017, the arrangement between TPA and the Owner continued to be honoured. Notwithstanding, the Owner requested and TPA agreed through an informal amendment to the agreement, to apply a fixed monthly management fee of $800, excluding HST, with respect to the parking operations on the Private Premises. The amended monthly management fee was paid by TPA between September 2017 and February 2020.

The informal amendment to the agreement is not consistent with TPA's authorities and the circumstances under which this arrangement was made have been reviewed. While it remains unclear why the appropriate authorities were not requested and a formal amendment to the parking management agreement executed, TPA has reviewed the situation with the staff that were involved. In addition, this situation has led, in part, to amendments being proposed to TPA Policy Resolution 5-10: Delegation of Authority, which will be considered at a future meeting of TPA Board of Directors.

In support of the recommendation to declare 2053 Dufferin Street surplus to TPA's operational requirements, it is recommended that TPA negotiate, enter into and execute an agreement with the Owner to resolve all outstanding issues at 2045 Dufferin Street, including payment of all fee arrears, further fees for a period not exceeding 18 months and the capital work needed to restore the Private Premises to their original condition. Should it be determined that an approval under the City of Toronto's delegated real estate authority is needed for the agreement, TPA will work with Legal Services and CREM to expedite this approval as soon as possible.

CONTACT

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Darcy Watt, Planning and Policy Analyst, Toronto Parking Authority, 437-488-1303, darcy.watt@toronto.ca

SIGNATURE

Scott Collier, President
Toronto Parking Authority

ATTACHMENTS

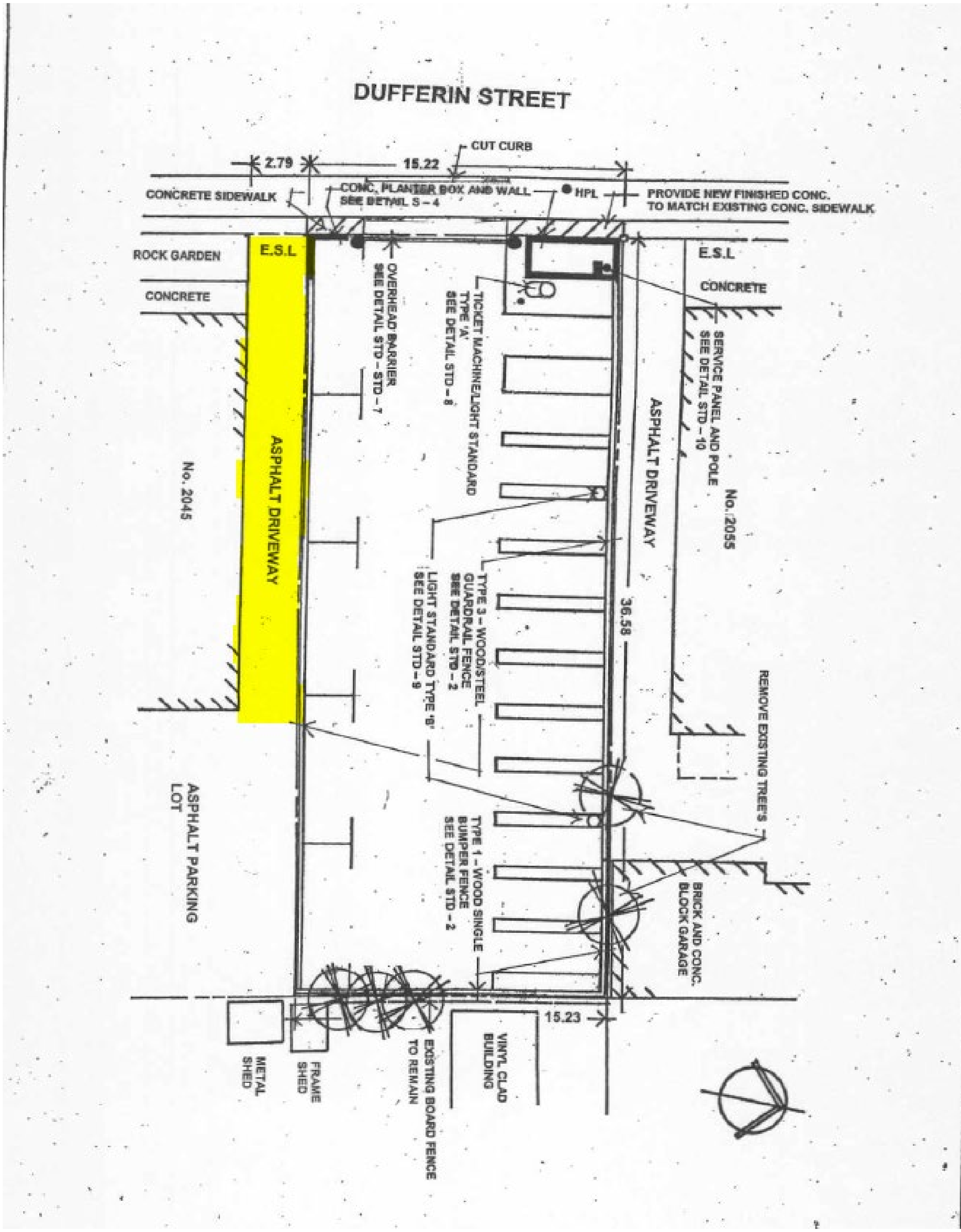
Confidential Attachment 1 - Details of Car Park 670

Appendix A - Map of the Private Premises at 2045 Dufferin Street

Appendix B –In-Camera Board Memorandum dated July 19, 2007 - Minute Number 07-133 (Authorized for public release by the President, Toronto Parking Authority, on January 25, 2021)

Appendix C - Map of Car Park 658 and Car Park 670

APPENDIX A: MAP OF THE PRIVATE PREMISES AT 2045 DUFFERIN STREET



APPENDIX B – IN-CAMERA BOARD MEMORANDUM DATED JULY 19, 2007 - MINUTE NUMBER 07-133 (AUTHORIZED FOR PUBLIC RELEASE BY THE PRESIDENT, TORONTO PARKING AUTHORITY, ON JANUARY 25, 2021)

BOARD MEMORANDUM

5.3

TO:	Maurice J. Anderson	FILE NO:	5670-00
FROM:	Lorne Persiko / Jim Wong	DATE:	July 19, 2007
SUBJECT:	**2045 Dufferin Street – Management Agreement**		

Meeting Date: **July 24, 2007**

Recommendations:

It is recommended that the Toronto Parking Authority ("TPA") approve a management agreement with the owner of 2045 Dufferin Street, to expand carpark 670 to a 23 space surface parking facility to service the short term parking needs in the area.

Background:

The TPA recently purchased a site at 2053 Dufferin Street, located north of Rogers Road. It measures approximately 50' x 120', which is only wide enough for one row of cars. In order to accommodate 2 rows of cars, another 10' is required. Before commencing construction of the new lot, the TPA approached the owner to the south to see if there is interest in allowing the TPA the use of their property in order to expand our proposed surface lot.

Comments:

2053 Dufferin Street is a 17 space surface parking facility, purchased in late 2006. Construction of the facility is expected to begin fall 2007. Discussions have been ongoing with the adjacent owner at 2045 Dufferin Street, for a 10' strip of their property.

A medical office is located at 2045 Dufferin Street, with a 10' driveway to the south and north of the building, used as access to the rear of the building. By taking away the northern 10' strip, the owner's access is limited by one driveway at the south end. To accommodate the owner's access to his parking at the rear of his building, the TPA proposes allowing access through 2053 Dufferin St, to get to the rear of the owner's building, controlled by a gate arm situated on the owner's property, provided and maintained by them.

Site Location and Particulars

The subject site is located north of Rogers Road on the east side of Dufferin Street. 2053 Dufferin Street measures approximately 20' x 120'.

Terms

The proposed management agreement with Bay-Wellesley Professional Centre Inc. has the following particulars:

Term:	10 years
Compensation:	25% of Net Revenue from parking operations. Owner pays it's own expenses, other than those related to maintenance of the parking lot.
Renewal Option:	An additional 5 years, in favour of the TPA on the same terms and conditions
Termination Right:	The Owner may terminate in the event of a bona fide sale or redevelopment of their property.

Financials

As a 17 space carpark, the estimated net income is $2,500. By expanding the carpark to 23 spaces, revenue increases proportionately, while the operating expenses rises marginally. Estimated net income for the 23 space lot is $13,250. TPA's 75% share represents net income of $9,975.

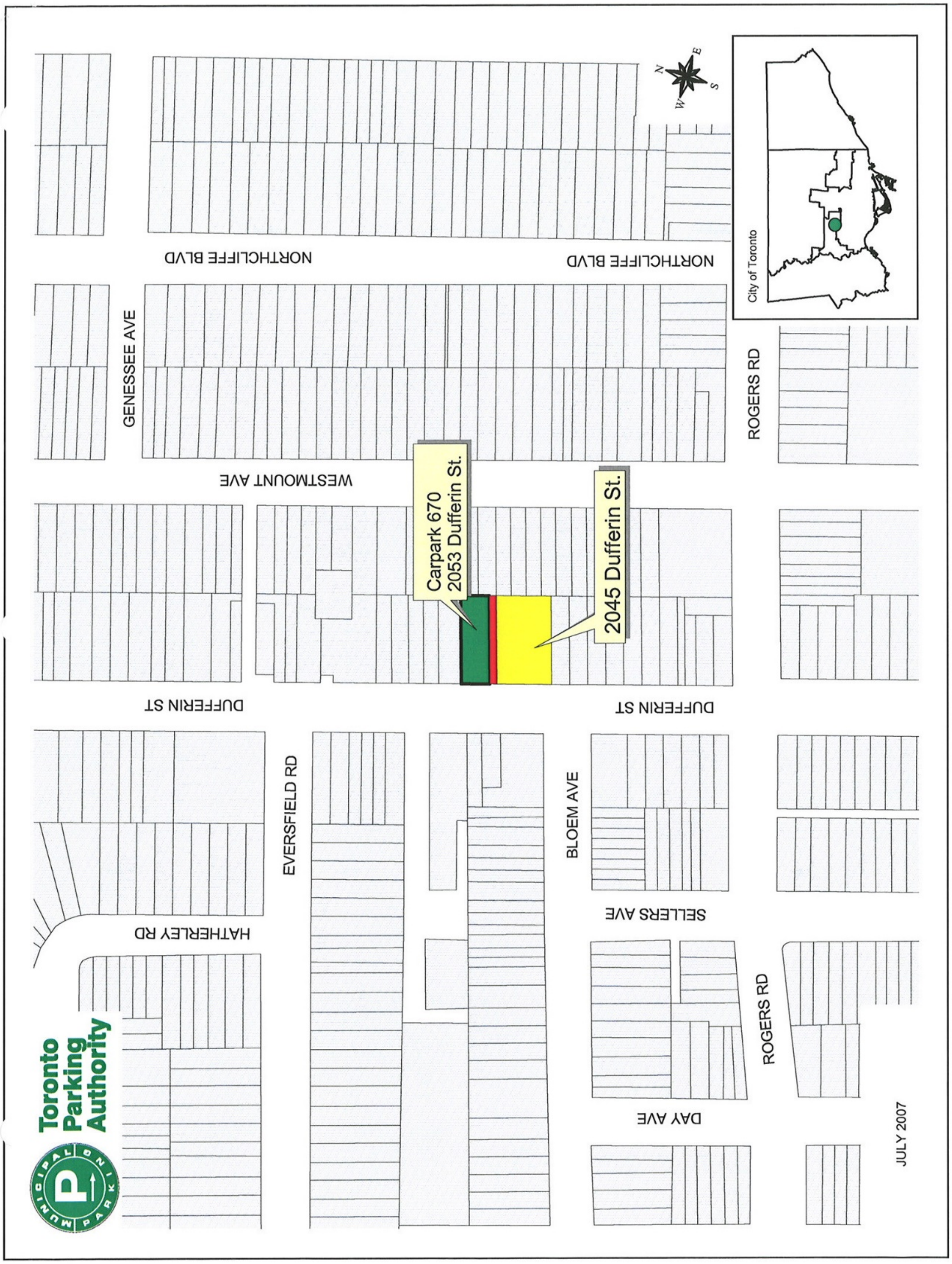
Risks

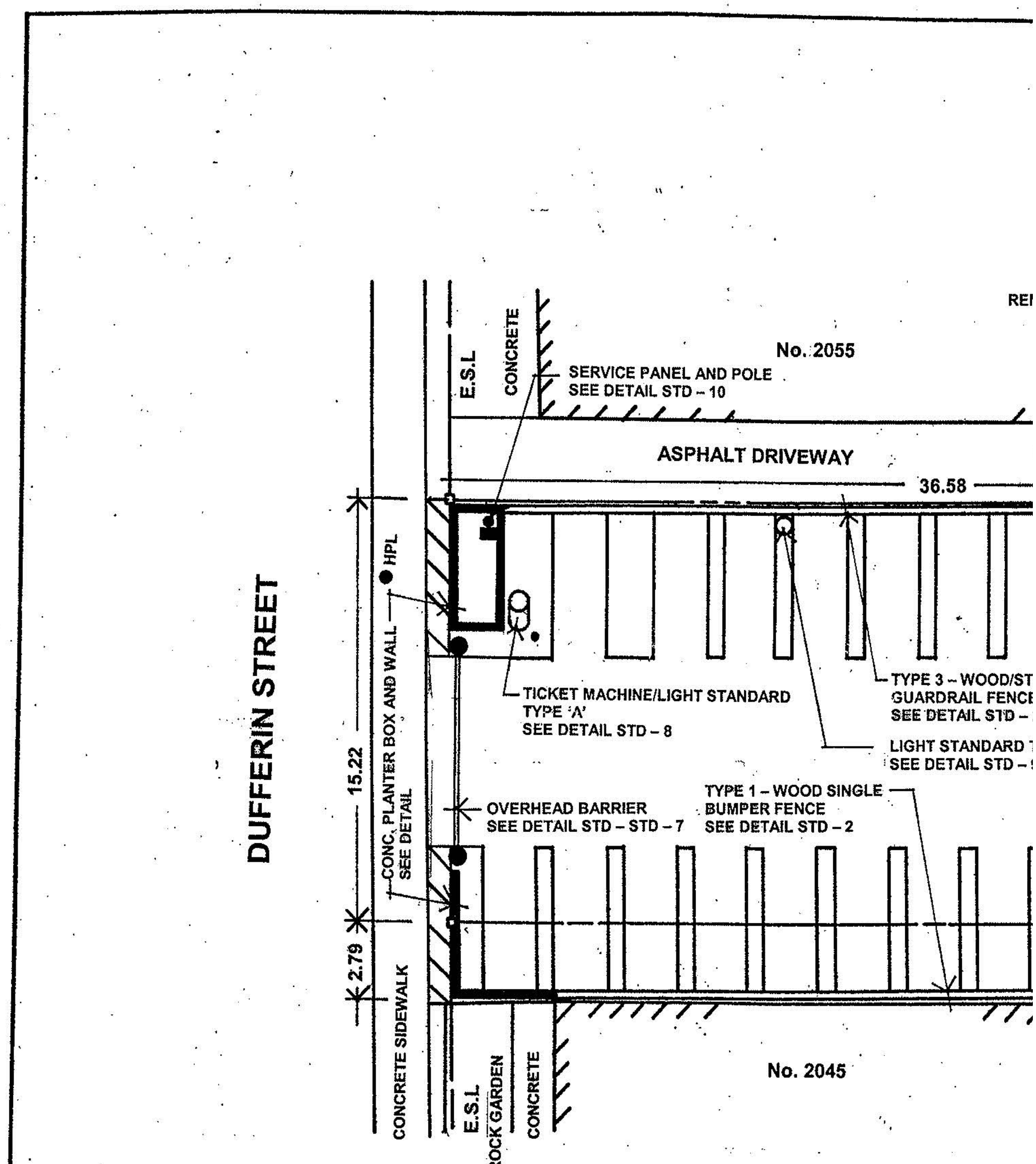
This agreement poses very little risk to the TPA. Without the neighbouring property, the carpark is limited to 17 spaces. The addition of the 10' adds 6 more spaces, representing 25% of the total 23 spaces. As 25% of Net Revenue is provided as compensation, the TPA benefits from the increase in profit from the expansion. The only capital costs associated with the expansion would be additional paving of the 10' strip, which is also recovered from operating expense deductions over the term of the agreement.

Conclusions:

It is recommended that the Toronto Parking Authority ("TPA") approve a management agreement with the owner of 2045 Dufferin Street, to expand carpark 670 to a 23 space surface parking facility to service the short term parking needs in the area.

List of Attachments:
Location Map
Parking Facility Layout


Toronto Parking Authority
MUNICIPAL PARK
NORTHCLIFFE BLVD
GENESSEE AVE
WESTMOUNT AVE
ROGERS RD
Carpark 670
2053 Dufferin St.
2045 Dufferin St.
DUFFERIN ST
EVERSFIELD RD
BLOEM AVE
SELLERS AVE
HATHERLEY RD
DAY AVE
JULY 2007
City of Toronto
N
E
S
W



DUFFERIN STREET
CONCRETE SIDEWALK
E.S.L
CONCRETE
SERVICE PANEL AND POLE
SEE DETAIL STD – 10
No. 2055
REI
ASPHALT DRIVEWAY
36.58
15.22
2.79
HPL
CONC. PLANTER BOX AND WALL
SEE DETAIL
TICKET MACHINE/LIGHT STANDARD
TYPE 'A'
SEE DETAIL STD – 8
TYPE 3 – WOOD/ST
GUARDRAIL FENCI
SEE DETAIL STD –
LIGHT STANDARD
SEE DETAIL STD –
OVERHEAD BARRIER
SEE DETAIL STD – STD – 7
TYPE 1 – WOOD SINGLE
BUMPER FENCE
SEE DETAIL STD – 2
No. 2045
E.S.L
ROCK GARDEN
CONCRETE

APPENDIX C – MAP OF CAR PARK 658 AND CAR PARK 670