

Updates on Property Acquisition for New Toronto Transit Commission Bus Garage and Additional Operational Uses

Date: June 27, 2022

To: Executive Committee

From: Executive Director, Corporate Real Estate Management

Wards: 3 - Etobicoke-Lakeshore

REASON FOR CONFIDENTIAL INFORMATION

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

SUMMARY

This report seeks City Council authorization for an amendment to the terms and conditions of the agreement of purchase and sale for City's acquisition of an industrial property (the "Property") for the future site of a new Toronto Transit Commission ("T.T.C.") garage and maintenance facility (the "10th Garage"), as originally approved by City Council in December 2021 through item CC38.19.

The Property is considered to be a strategic acquisition that aligns with the T.T.C.'s Capital Investment Plan 2021-2035, T.T.C.'s Real Estate Investment Plan, CreateTO's Industrial Portfolio Strategy, and the Council-adopted Strategic Acquisition Policy under City-Wide Real Estate model, providing a new opportunity for the City to acquire additional industrial lands at the Property for municipal purposes. Confidential Attachment 1 to this report includes updates to the financial impact, the revised terms and conditions of the agreement of purchase and sale, and plans for the redevelopment and management of the Property for T.T.C. and City purposes.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management recommends that:
Updates on Property Acquisition for New TTC Bus
Garage

1. City Council authorize the Deputy City Manager, Corporate Services, to execute an amendment to the agreement of purchase and sale, and any additional or ancillary agreements or amendments thereto required for the acquisition of the property identified in Confidential Attachment 1 of this report, substantially on the revised terms and conditions outlined in Confidential Attachment 1 of this report, and on such terms and conditions as may be acceptable to the Deputy City Manager, Corporate Services and the Executive Director, Corporate Real Estate Management, and in a form satisfactory to the City Solicitor.
2. City Council increase the 2022-2031 Council Approved Capital Budget and Plan for Corporate Real Estate Management by the amount set out in Confidential Attachment 1 of this report, under capital project account (CCA226-01) "Strategic Property Acquisitions", funded from the Land Acquisition Reserve Fund (XR1012) to support the acquisition of the property identified in Confidential Attachment 1 of this report.
3. City Council authorize the public release of Confidential Attachment 1 of this report, following the later of April 30, 2023 or the closing of any purchase transaction and any other related ancillary agreements.
4. City Council forward the Item and Confidential Attachment 1 of this report from the Executive Director, Corporate Real Estate Management to the CreateTO Board and the T.T.C. Board for their information and keep the Confidential Attachment 1 confidential until the conditions specified in recommendation (3) are met.

FINANCIAL IMPACT

The financial details related to the acquisition of the Property are included in Confidential Attachment 1 of this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact Section.

DECISION HISTORY

On June 23, 2022, the T.T.C. Board adopted a report with confidential recommendations related to waiving conditions of the Agreement of Purchase and Sale for the acquisition of an industrial property for a new TTC garage.
https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2022/June-23/6_Property_Acquisition_for_New_TTC_Bus_Garage_and_Additional_Operational.pdf

[f?rev=c690f6c96b654269830ed2911dbfd8a0&hash=B87C4B610DB1C1B63C06B7D3FC0849E](http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.CC38.19)

On December 15, 2021, City Council authorized the Deputy City Manager, Corporate Services to negotiate and execute a Letter of Intent, Agreement of Purchase and Sale, and any other additional agreements required for the acquisition of a property for a new TTC bus garage and additional operational uses.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.CC38.19>

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>

COMMENTS

Background

In December 2021, through CD38.19, City Council approved that the City could 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").

Following City Council approval, the Deputy City Manager, Corporate Services executed a conditional agreement of purchase and sale for the Property, as well as ancillary agreements related to the transaction as described in Confidential Attachment 1. Working in accordance with the City-Wide Real Estate model, C.R.E.M. and CreateTO are jointly managing the various aspects of the proposed acquisition and due diligence work plan on behalf of T.T.C. Due diligence activities are complete for the proposed T.T.C. 10th Garage site, and T.T.C. is satisfied that the Property is appropriate for T.T.C. uses.

The 10th Garage is required by the late 2030s to provide maintenance and storage capacity to accommodate anticipated growth in the electric bus fleet as identified in the T.T.C.'s Capital Investment Plan 2021-2035 and Real Estate Investment Plan. The 10th Garage will be designed as a fully electric bus maintenance facility.

Proposed New Transaction of the Agreement of Purchase and Sale

In May 2022, an opportunity for the City to acquire additional lands on the Property for municipal purposes was presented following extensive negotiations that resulted from City Council's 2021 approval of the strategic acquisition. The proposed new structure of the agreement of purchase and sale is time-sensitive, and in consideration of the upcoming City Council recess, staff seek authority to amend the necessary transaction agreements and complete the acquisition as described in Confidential Attachment 1, subject to the completion of necessary analysis, due diligence and resulting capital budget submissions for the additional land and site activation costs. The proposed new transaction of the agreement of purchase and sale, described in Confidential Attachment 1, remains a strategic acquisition to the City, as it facilitates the acquisition of lands for T.T.C. planned uses, as well as additional lands on the Property for municipal purposes.

Property Management

C.R.E.M. requires a third party property management firm be retained in order to manage the landlord service responsibilities associated with the Property. Confidential Attachment 1 provides additional information.

Conclusion

It is recommended that the City pursue this strategic acquisition to meet T.T.C.'s operational requirements and additional municipal demand. The City's agreement is conditional on being satisfied with the transaction and environmental due diligence.

Confidential Attachments 1 to this report provides additional details related to the acquisition of the Property.

CONTACT

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SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

ATTACHMENTS

Confidential Attachment 1 - Details of Property, Financial Impacts and Proposed New Transaction of Agreement of Purchase and Sale