

Lease of Unopened Portion of Murray Ross Parkway to Toronto and Region Conservation Authority

Date: June 17, 2022

To: General Government and Licensing Committee

From: Executive Director, Corporate Real Estate Management

Wards: 7 - Humber River-Black Creek

SUMMARY

The purpose of this report is to obtain City Council authority for the City to enter into a seven-year nominal lease agreement (the "Lease") with the Toronto and Region Conservation Authority (T.R.C.A.) for the use of a portion of an unopened road allowance lying south of the intersection of Murray Ross Parkway and Shoreham Drive (the "Leased Premises") for the purposes of vehicle and pedestrian ingress and egress, parking, signage, and landscaping.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management recommends that:

1. City Council authorize the Executive Director, Corporate Real Estate Management, on behalf of the City as landlord, to enter into a lease with the Toronto and Region Conservation Authority for a term of seven (7) years, with an option to renew for a further fourteen (14) years for nominal consideration, substantially based on the terms and conditions set out in Appendix B and on such amended terms and conditions that are acceptable to the Executive Director, Corporate Real Estate Management or designate, and in a form satisfactory to the City Solicitor
2. City Council authorize the City Solicitor to complete the Lease transaction on behalf of the City including the provision of the commencement date of the Lease.
3. City Council authorize each of the Executive Director, Corporate Real Estate Management, and the Director, Transaction Services, Corporate Real Estate Management severally to execute the Lease, and any related documents on behalf of the City.

FINANCIAL IMPACT

By entering into the Lease with the T.R.C.A. for nominal consideration, the City will forego revenues of \$35,833 per year, or \$239,272 during the initial seven-year term, plus an estimated \$564,952 in compensation during the 14-year extended term. In total, foregone revenues during a 21-year term would be \$804,224, which would have been directed to the Land Acquisition Reserve Fund (XR1012).

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

At its meeting held on February 15 and 16, 2017, City Council endorsed T.R.C.A.'s redevelopment plans for the lands lying immediately to the west of the Leased Premises, including approving funding of \$38.617 million dollars over 33 years.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2>

At its meeting held on May 21, 22 and 23, 2003, City Council authorized the then Commissioner of Corporate Services to take appropriate action to declare surplus the Leased Premises and negotiate with T.R.C.A. for the disposition thereof. However, the Leased Premises subsequently became designated as Parks and Open Space Areas under the new Official Plan, the City was thereafter unable to dispose of the Leased Premises without enacting an Official Plan Amendment.
<https://www.toronto.ca/legdocs/2003/agendas/council/cc030521/ny4rpt/cl021.pdf>

COMMENTS

Background

The T.R.C.A. is the owner of the lands known municipally as 5 Shoreham Drive, lying to the west of the Leased Premises. The T.R.C.A is in the process of redeveloping its property under a capital project known as the Toronto and Region Conservation Authority Long Term Accommodation Project. The City, as a member municipality, endorsed the T.R.C.A.'s redevelopment plans in 2017, including approved funding of \$38.617 million over 33 years.

During the planning phase of the redevelopment project, City Planning and Transportation Services requested T.R.C.A. redesign the proposed site access to avoid accessing the lands directly from Shoreham Drive. T.R.C.A. amended the final design of its new headquarters to include an enlarged, shared entrance with the neighbouring Tennis Canada facility at the intersection of Shoreham Drive and Murray Ross Parkway, which requires the use of the Leased Premises.

The proposed shared entrance is preferred by City Planning and Transportation Services, as it is located at a signalized intersection and will provide safe and efficient access to both sites.

Details of the Lease Agreement

The proposed Lease is for an initial term of seven years, the end at which the City can make an offer to sell the Leased Premises to the T.R.C.A. or grant one option to extend the Lease for an additional 14 years. The T.R.C.A. is responsible for realty taxes and all costs associated with preparing the Leased Premises to be used exclusively as vehicle and pedestrian entry/exit point, parking, signage and landscaping.

T.R.C.A. has requested the Lease be for nominal consideration, as the use of the Leased Premises is necessary due to the redesign desired by City Planning and Transportation Services. In order to accommodate City staff recommendations with respect to the site design, and strengthen the excellent and mutually beneficial relationship between the City and T.R.C.A. in real estate matters, City staff recommend Council approval be given to enter into the Lease for a nominal sum of two dollars per year.

The City provides annual operating funding to the T.R.C.A. under the Conservation Authorities Act. A Lease for nominal consideration is recommended because T.R.C.A. has the authority to impose a levy on the City for the costs associated with the Leased Premises as part of the redevelopment and construction of their new headquarters at 5 Shoreham Drive, Toronto.

See Appendix B for full details of the major terms and conditions of the Lease.

Road Closure By-Law Required

The Lease is conditional upon the enactment of a City By-Law to stop up and close the Leased Premises as public highway within six months of the commencement date of the Lease, failing which, the Lease shall be terminated. Accordingly, the Director, Transportation Planning and Capital Program Transportation Services, is drafting a concurrent report to Etobicoke York Community Council to recommend the Leased Premises be Stopped Up and Closed as a Public Highway.

CONTACT

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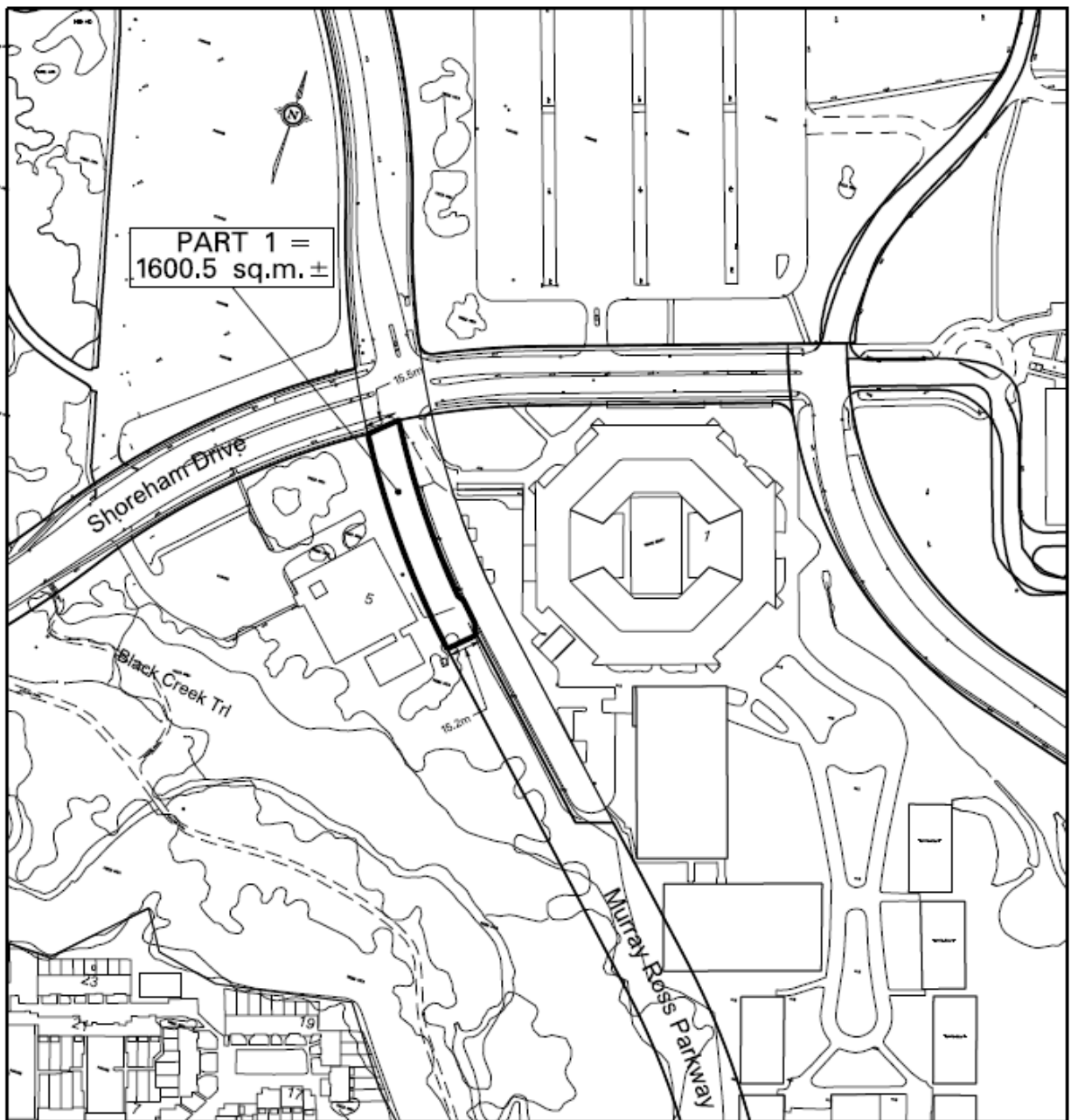
Catherine Ferguson, Senior Planner, Community Planning, City Planning, 416-395-7117, Cathie.Ferguson@toronto.ca

SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

ATTACHMENTS

Appendix A – Reference Plan and Property Sketch of Leased Premises
Appendix B - Major Terms and Conditions of Lease



TORONTO

ENGINEERING & CONSTRUCTION SERVICES
ENGINEERING SUPPORT SERVICES
LAND & PROPERTY SURVEYS

NOTE:

THIS SKETCH HAS BEEN
COMPILED FROM OFFICE
RECORDS. MEASUREMENTS
ARE APPROXIMATE

CHECK BY JOHN HOUSE

PREPARED BY: DWAYNE PITT

PROPERTY INFORMATION SHEET

**SKETCH SHOWING AN UNTRAVELED PORTION OF
MURRAY ROSS PARKWAY
ABUTTING NO. 5 SHOREHAM DRIVE**

WARD 7 - HUMBER RIVER-BLACK CREEK
DATE: MAY 04, 2020

SKETCH No. PS-2020-016

APPENDIX B - MAJOR TERMS AND CONDITIONS OF LEASE

Tenant	Toronto and Region Conservation Authority
Premises	Part of Murray Ross Parkway, and as shown as designated as Part 2 on Reference Plan 66R-31319
Initial Term Length	7 years, commencing on January 1, 2022
Area of Premises	1,600.5 square metres (17,227.64 square feet)
Basic Rent	Nominal
Realty Taxes	The Tenant shall pay all realty taxes in respect of the Premises, in addition to Basic Rent.
Extended Term	<p>At the end of the Initial Term, the shall in accordance with applicable City policies, either: a) make an offer to sell the Premises to the Tenant or, b) grant an extension of the Lease for a further period of fourteen years (14), ending on July 23, 2042 on either the same terms or on amended terms.</p> <p>There will be no further right to extend beyond July 23, 2041, except if an amendment to the City's Official Plan policy 4.3.8 is obtained by the Tenant, the City may consider granting an extension of the lease beyond July 23, 2042, in compliance with applicable policies on disposals of interests in land.</p>
Use of Premises	The Tenant shall use the Premises only for the purposes of vehicle and pedestrian ingress and egress, parking, signage, and landscaping in a reputable manner, and for no other purposes. The Tenant shall occupy the Premises throughout the Term and any extension thereof continuously and actively and shall not cause, suffer or permit the Premises to be used for any other purpose.
Tenant's Work	The Tenant shall undertake, carry out and provide, at its sole cost and expense, all work and equipment required to be performed or provided in order to render the Premises complete, ready and suitable for the Use set out above.

Tenant	Toronto and Region Conservation Authority
Closure of Public Highway	<p>The Tenant acknowledges that the Premises form part of a public highway and that the Council of the City ("Council") must enact a by-law (a "Closing By-law") to permanently close the Premises as a public highway, at the Tenant's Expense.</p> <p>If City Council fails to enact a closing bylaw prior to one year after the Commencement Date, this Lease shall terminate and neither party shall be liable to the other for any costs resulting from such termination.</p>