

## **245 Bartley Drive - Designation of a Portion of the Property used by the Toronto Transit Commission as a Municipal Capital Facility**

**Date:** June 10, 2024

**To:** General Government Committee

**From:** Interim Controller and Executive Director, Corporate Real Estate Management

**Wards:** Ward 16 - Don Valley East

### **SUMMARY**

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This report seeks City Council's authority for the adoption of the necessary By-law to designate a portion of the property owned by 245 Bartley Inc. leased to the Toronto Transit Commission (TTC) as a Municipal Capital Facility, and to provide an exemption for municipal taxes and education taxes. The Municipal Capital Facility agreement authorized by the By-law will provide an exemption for unit 2 which is approximately 46,000 square feet at 245 Bartley Drive.

### **RECOMMENDATIONS**

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The Interim Controller and Executive Director, Corporate Real Estate Management recommends that:

1. City Council pass a By-law pursuant to Section 252 of the City of Toronto Act, 2006, providing authority to:

a. enter into a Municipal Capital Facility Agreement between 245 Bartley Inc., the landlord, which will lease approximately 46,000 square feet at 245 Bartley Drive (the "Leased Premises") to the City of Toronto, used for municipal facilities related to the provision of telecommunications, transit and transportation systems; and

b. exempt the Leased Premises from taxation for municipal and school purposes, with the tax exemption being effective from the latest of:

- the commencement date of the lease;
- the date the Municipal Capital Facility Agreement is entered into; and
- the date the Tax Exemption By-law is enacted.

2. City Council direct the City Clerk to give written notice of the By-law to the Minister of Finance, the Municipal Property Assessment Corporation, the Toronto District School Board, the Toronto Catholic District School Board, le Conseil scolaire Viamonde and le Conseil scolaire catholique MonAvenir.

## FINANCIAL IMPACT

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The annual property taxes on 46,000 square feet of space (currently taxable) to be occupied by the Toronto Transit Commission (TTC) are estimated at \$80,874, comprised of a municipal portion of \$49,741 and a provincial education portion of \$31,133, based on 2024 Current Value Assessment and 2024 tax rates.

As shown in Table 1 below, providing a property tax exemption for the 46,000 square feet of space at 245 Bartley Drive, unit 2 will result in a net annual reduction in property tax revenue to the City of approximately \$49,741, representing the municipal portion of taxes that are currently payable that will no longer be collected once the Leased Premises are designated as a Municipal Capital Facility. The provincial education portion of property taxes of \$31,133 will no longer be required to be remitted to the Province once the exemption for the Leased Premises takes effect.

Table 1: Property Taxes for the Toronto Transit Commission - 245 Bartley Drive, Unit 2

Location	Municipal Taxes	Education Taxes	Total Property Taxes
245 Bartley Drive 1908-12-1-140-01100	\$49,741	\$31,133	\$80,874
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$49,741
Reduction in Education Taxes Remitted			\$31,133

The Toronto Transit Commission's cost of rent on the leased space is funded through an annual budget allocation. Designating the property leased as a Municipal Capital Facility and providing an exemption from taxes will reduce the rental amount paid by the Toronto Transit Commission. The savings from the designation as a Municipal Capital Facility for the location identified in Table 1 above have been accounted for and included in the 2024 Capital Budget for the Toronto Transit Commission.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

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At its meeting on May 10, 2023, City Council adopted the General Government Committee report GG 3.13 - Long-Term Industrial Lease at 245 Bartley Drive for the Toronto Transit Commission's Automatic Train Control Project and Signals Group, which authorized the Executive Director, Corporate Real Estate Management, to enter into an offer to lease and the subsequent lease agreement with 245 Bartley Inc. for part of the property used by the Toronto Transit Commission comprising of approximately 46,000 square feet of industrial space for a term of ten years with three options to renew for five years each. The staff report can be accessed at:

[Long-Term Industrial Lease at 245 Bartley Drive for Toronto Transit Commission's Automatic Train Control Project and Signals Group](#)

## COMMENTS

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Section 252 of the City of Toronto Act, 2006 allows City Council to exempt from taxation for municipal and school purposes land or a portion of land on which a municipal capital facility is or will be located once the City enters into an agreement with the landlord or tenant for the provision of the municipal capital facility.

The space occupied by the Toronto Transit Commission at 245 Bartley Drive is normally subject to taxation at industrial rates. Designating the property leased by the City of Toronto as a municipal capital facility and providing an exemption from taxes will reduce the monthly rental amount paid by the Toronto Transit Commission.

The property tax exemption on the space leased by the City of Toronto and used by the Toronto Transit Commission will only apply if City Council agrees to provide a tax exemption, by way of municipal capital facility agreement under section 252 of the City of Toronto Act, 2006. Ontario Regulation 598/06 prescribes facilities used for municipal facilities related to the provision of telecommunications, transit and transportation systems as eligible municipal capital facilities for the purpose of section 252.

Upon the passing of the by-law authorizing the agreement and the tax exemption, the City Clerk must give written notice of the by-law to the Minister of Finance, the Municipal Property Assessment Corporation and the Secretary of any affected school board(s).

## CONTACT

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John Longarini, Interim Director, Revenue Services, Phone: (416) 395-0125, E-mail: [John.Longarini@toronto.ca](mailto:John.Longarini@toronto.ca)

Scott Barrett, Interim Director, Property Management & Key Asset, Corporate Real Estate Management, Phone: (416) 338-2361, E-mail: [Scott.Barrett@toronto.ca](mailto:Scott.Barrett@toronto.ca)

## **SIGNATURE**

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David McIsaac  
Interim Controller

Pat Matozzo  
Executive Director