

Sale of 120 Grangeway Avenue to Metrolinx - Scarborough Subway Extension Project

Date: June 17, 2024

To: General Government Committee

From: Executive Director, Corporate Real Estate Management

Wards: 24 - Scarborough-Guildwood

SUMMARY

The purpose of this report is to obtain Council authority to sell a fee simple portion of the City-owned property municipally known as 120 Grangeway Avenue (the "Property") and to convey a temporary easement over other portion(s) of the Property to Metrolinx. Metrolinx requires the portions of the Property to facilitate the construction of the new Toronto Transit Commission's Scarborough Centre Subway Station, as part of the Scarborough Subway Extension Project (the "SSE Project"). The SSE Project is being delivered by Metrolinx, on behalf of the Province.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management recommends that:

1. City Council authorize the Executive Director, Corporate Real Estate Management to accept the agreement of purchase and sale/Offer to Purchase from Metrolinx on behalf of the City, for the sale of the property municipally known as 120 Grangeway Avenue (the "Property") to Metrolinx, and convey a temporary easement over portions of the Property (collectively, the "Transaction"), and subject to any reservation specified in Attachment 1 of this report, and substantially on the major terms and conditions set out in Attachment 2 of this report.
2. City Council authorize a portion of the proceeds of closing be directed to pay the City's outstanding expenses related to the said portions of the Property and the completion of the Transaction.
3. City Council authorize the City Solicitor to complete the Transaction on behalf of the City, including making payment of any necessary expenses and amending the closing and other dates to such earlier or later date(s) and on such terms and conditions as

they may from time to time consider reasonable; and the appropriate City officials be authorized to take the necessary action to give effect thereto.

FINANCIAL IMPACT

The City will receive revenue in the amount of \$40,712,886 for the fee simple property requirements associated with the Property. This amount is exclusive of Harmonized Sales Tax and other applicable taxes, less closing costs, and usual adjustments. The sale proceeds will be contributed to the Land Acquisition Reserve Fund (XR1012) upon closing of the Transaction.

The City will also receive revenue in the amount of \$4,061,436 for the initial six-year term of the temporary easement. Should Metrolinx exercise its option to extend the term of the temporary easement, the City will receive additional funds based on the annual increase in the Consumer Price Index (CPI) as contemplated in the Real Estate Protocol agreed to by both the City and Metrolinx. These proceeds are exclusive of Harmonized Sales Tax and other applicable taxes. These funds will be directed to the 2024 Operating Budget for Corporate Real Estate Management under cost centre FA1495 and functional area code 3220200000.

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 December 15, 2021, City Council adopted Item EX28.12 titled "Metrolinx Subways Program – Real Estate Protocol and Land Valuation Principles for Subways and GO Expansion Programs". Upon its adoption, the City, Toronto Transit Commission ("TTC") and Metrolinx entered into an agreement dated June 16, 2022 ("Subways Master Agreement"), which included a schedule that outlined the process for real estate transactions related to subway projects (the "Real Estate Protocol"). The Real Estate Protocol provides a clear process for the City, TTC and Metrolinx to follow relating to the acquisition, ownership, and disposition of real property between the parties, both temporary and permanent interests, required for the Subways Program, which includes the Scarborough Subway Extension.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.EX28.12>

COMMENTS

In the summer of 2019, the Province, through legislation, assumed responsibility for the delivery of the Line 2 East Extension, also known as the Scarborough Subway Extension Project (the "SSE Project"), and revised the scope of the project to a three-stop subway extension, with an updated completion date of 2030. Metrolinx is delivering the SSE Project on behalf of the Province.

Metrolinx submitted a property request to the City advising of its intentions to acquire the property interests related to the property municipally known as 120 Grangeway Avenue (the "Property") as identified in Attachment 1. Metrolinx intends to construct certain improvements and other works in connection with the SSE Project on the Property. The proposed improvements on the Property include the future location of the Scarborough Centre Subway Station (one of three new subway stations). The Property is vacant land with no active uses. Corporate Real Estate Management staff reviewed the disposal with CreateTO and confirmed this site has not been identified for future affordable housing opportunities and is not needed for future City priorities.

The City has agreed to transfer the requested property interests to Metrolinx that will allow the organization to enter and utilize portions of the Property to undertake the proposed works. The requested property interests include the sale of a fee simple interest and conveyance of a temporary easement on portions of the Property to Metrolinx (collectively, the "Transaction"). The terms and conditions of the Transaction are substantially the same as provided in the Real Estate Protocol¹, including the requirement of Metrolinx to pay for all costs of the proposed Transaction.

The proposed fees and other major terms and conditions of the Transaction are considered to be fair, reasonable, reflective of market rates, and can be found in Attachment 2.

Pursuant to section 1.10 of the Toronto Municipal Code, Chapter 213, the proposed Transaction is exempt from Article 1 of the chapter (sale and other disposition of land) given the lands are required by Metrolinx for the implementation of a "Transit Project". All steps necessary to comply with the City's real estate disposal process as set out in Chapter 213 of the City of Toronto Municipal Code have been complied with.

CONTACT

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SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

¹ The Real Estate Protocol provides a clear process for the City, TTC and Metrolinx to follow relating to the acquisition, ownership, and disposition of real property between the parties, both temporary and permanent interests, required for the Subways Program.

ATTACHMENTS

Attachment 1 - Legal Description of the Property and Property Requirements

Attachment 2 - Major Terms and Conditions of the Transaction

Attachment 3 - Location Map of the Property

Attachment 4 - Reference Plan of the Property

Attachment 1 - Legal Description of the Property and Property Requirements

Legal Description of the Property

Municipal Address - 120 Grangeway Avenue

Legal Description - Lot 23 RCP 10152 Scarborough, except Part 1 64R9966 & Parts 1-3 64R14645 & Part 9 on Plan 66R25775 & PART 12 on Plan 66R25775, together with an easement as in AT11811, City of Toronto; PIN 06000-0514 (LT)

Property Requirements

Fee Simple Area - The area designated as Part 1 on the Reference Plan 66R-33994 contained in Attachment 4

Temporary Easement Areas - The areas designated as Part 2, Part 3, and Part 4 on the Reference Plan 66R-33994 contained in Attachment 4

Attachment 2 - Major Terms and Conditions of Transaction

Fee Simple Area:

Approximately 6,940.10 square metres or 74,702.54 square feet

Temporary Easement Areas:

Total of approximately 1,904.10 square metres or 20,495.54 square feet

Temporary Easement Term:

Six years with an option to extend for up to three additional years

Temporary Easement Commencement Date:

Upon completion of the Transaction

Fee Simple Revenue:

\$40,712,886 plus applicable taxes

Temporary Easement Revenue:

\$4,061,436 plus applicable taxes for the initial six-year term. If the term is extended, the yearly fee for each of the additional extension years shall increase annually based on the annual average rate of CPI of the preceding calendar year plus applicable taxes.

Deposit:

Not applicable

Closing Date:

Upon completion of the Transaction

Conditions:

Metrolinx shall have the right to terminate the temporary easement at any time during the term or the extension term, as applicable, upon giving not less than 30 days of prior written notice to the City. In the event of any such termination, any pre-paid portion of the temporary easement fee shall be refunded to Metrolinx on a pro-rated basis. A termination of the Subways Master Agreement or the Real Estate Protocol is a termination of the Transaction (including an early termination of the temporary easement).

Use:

Fee Simple Area: No representation as to use (i.e., either zoning or Official Plan)

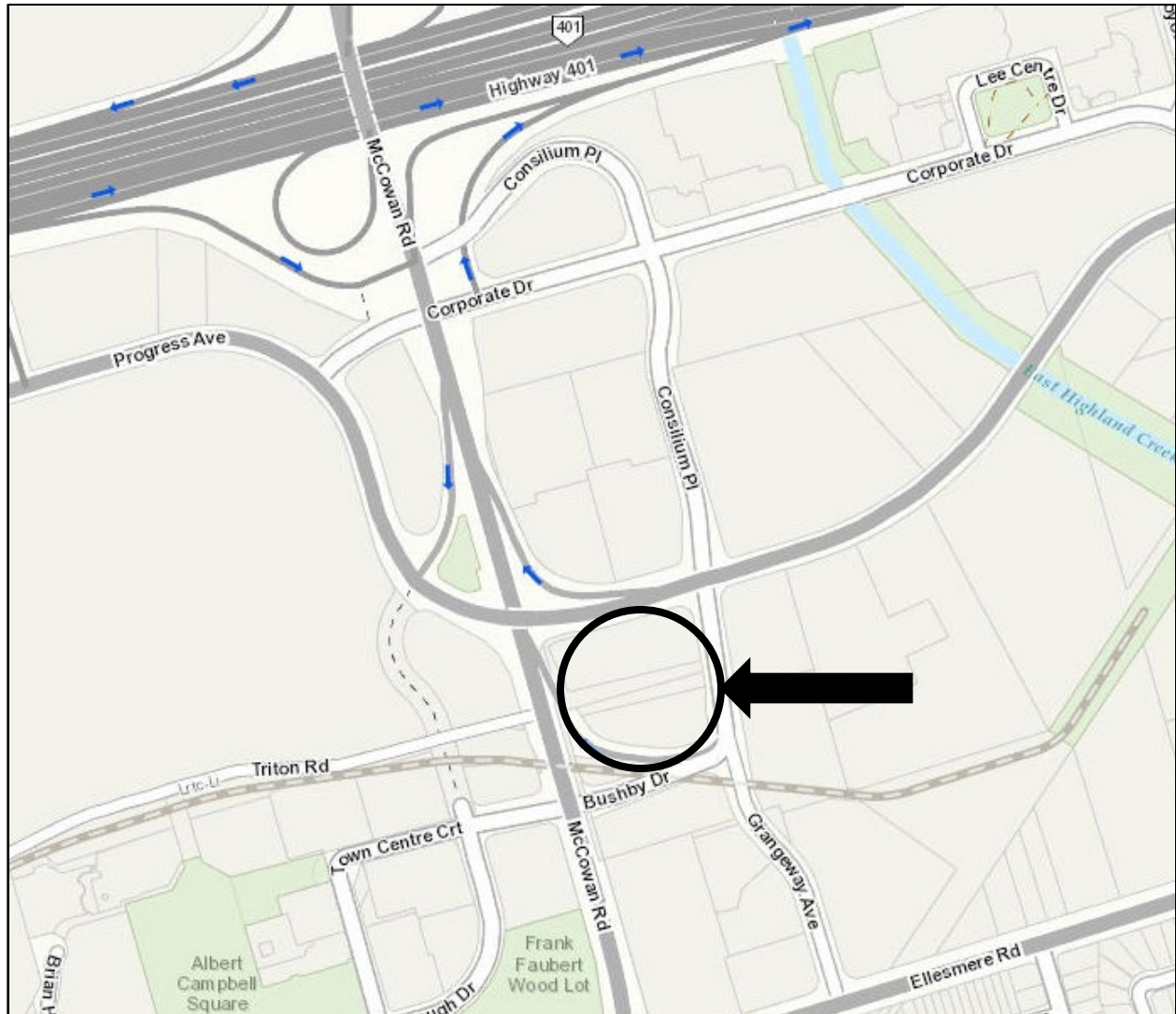
Temporary Easement Areas: All works and uses in connection with the construction of the Scarborough Subway Extension Project, including, without limitation: entering, occupying, and re-entering with all necessary material, including, but not limited to, light and heavy vehicles, service vehicles, boring machines, machinery, mobile cranes, support facilities, supplies and equipment at all times in, on, over, through, under, along and upon the lands for all purposes, including, but not limited to, construction staging and laydown areas, grading, excavation, temporary roadway detours, support of excavation structures, placement and storage of soil and aggregate, equipment,

supplies and other material, to conduct due diligence work ,temporary and permanent above grade structures construction, construction of temporary and permanent of subsurface elements such as headwalls, construction of subsurface tunnelling works and tunnel wall supports, footings and supports, construction and installation of temporary retaining walls and tiebacks, formwork, walking paths, temporary and permanent road infrastructure, relocation of existing electrical and other utilities, site offices, parking of vehicles or other equipment, hoarding, shoring and formwork, pile wall protection, sheet piling and associated works, fencing, establishing temporary alternative access, site clearance, including all necessary removal of vegetation, trees, relocation, reconstruction or demolition of structures at grade and/or above and below grade including the disconnection and/or reconnection of any electrical and other utilities, provision of any temporary utilities required for construction or new transit facilities, construction of noise walls, temporary removal of parking areas and all other improvements and all related work.

Removal and Restoration:

With the exception of the areas that will be acquired by Metrolinx on a permanent basis by way of fee simple interest or permanent easement on the expiry or early termination of the agreement, Metrolinx shall repair at its own expense and to the satisfaction of the City, acting reasonably, all damage to the Property and improvements thereon caused by the use of the Property by Metrolinx or its authorized users and shall restore the Property to substantially the same condition that the Property was in prior to the commencement of the agreement.

Attachment 3 - Location Map of the Property



Sale of 120 Grangeway Avenue to Metrolinx

