

MEETING DATE: August 27, 2003

SUBJECT: Pemberton Avenue Road Allowance -Property Acquisition For New Finch Station Bus Exit

RECOMMENDATION

It is recommended that the Commission:

1. approve the property settlement with the Toronto Parking Authority (TPA) to allow for the jurisdictional transfer of the Pemberton Avenue Road allowance, currently used by the TPA as a parking lot, to the TTC for use as a new bus exit from Finch Station;
2. authorize the acquisition (by expropriation if necessary) of 5667 Yonge Street as a replacement parking lot for TPA; and
3. authorize an increase in the estimated final cost for Project 3.3 - Yards and Roads – Bus Roadway Improvements, Finch Station, pages 483-489 of the Capital Program, by \$320,000 from \$1,005,000 bringing the total cost of the project to \$1,325,000.

FUNDING

Funds for this expenditure were included in Project 3.3 Yards and Roads, under Bus Roadway Improvements, Finch Station, pages 483-489, category Improvement; however, an additional \$320,000 is required to cover this expenditure which will increase the cost for this project from \$1,005,000 to \$1,325,000. These additional unbudgeted costs will be included in the 2004-2008 Capital Program submission.

BACKGROUND

An information report to the February 19, 2003 Commission meeting highlighted the operational benefits of the construction of a new bus exit driveway from Finch Station. The new driveway would utilize the former Pemberton Avenue road allowance which was severed by the opening of the Finch bus terminal in 1974. In March 1988, the Council of the former City of North York authorized the closure of Pemberton Avenue from the easterly limit of Yonge Street to the westerly limit of the TTC Bus Terminal and that the subject road allowance be retained by the City and operated as a municipal parking lot until such time as Council decides otherwise. The parking lot is currently used by shoppers visiting retail stores fronting on Yonge Street between Finch Avenue and Bishop Avenue. The construction of a new bus driveway directly from Finch Station to Yonge Street via the former Pemberton Avenue road allowance would have significant

operational benefits to the TTC since it would avoid the need for northbound buses exiting the station to use heavily congested Bishop Avenue (see Exhibit 1).

The new bus driveway would displace 10 parking spaces, and the local Councillor has requested that, due to a shortage of spaces in the area, the 10 spaces not be eliminated but replaced in the immediate area. TPA and TTC staff have negotiated a property settlement that will allow 10 to 13 spaces to be provided by constructing a replacement lot.

DISCUSSION

The proposed solution to the replacement of the TPA spaces on Pemberton Avenue displaced by the TTC would be as follows:

- A short-term parking lot of 10-13 spaces (depending on site plan approval) would be constructed by TPA on the property on the south side of Bishop Avenue and the east side of Yonge Street (5667 Yonge Street) to replace the Pemberton Avenue spaces displaced by the new TTC bus exit. Exhibit 2 outlines a 13-space layout for the new lot.
- Since preliminary property negotiations with the owner were not successful, expropriation of 5667 Yonge Street is expected to be required. The TTC rather than TPA, would take the lead in the expropriation process through City of Toronto Real Estate staff.
- TPA would operate the replacement at 5667 Yonge Street lot upon completion.

The compensation payable to TPA for the lost revenue associated with the Pemberton parking lot would normally be limited to the lost revenue for 10 years capitalized at 9.5% or approximately \$300,000 to \$350,000. However, due to the parking shortage in the area, rather than simply compensating TPA for the lost revenue (to be utilized by TPA to construct a lot in another part of the city), Councillor Shiner prefers that the spaces be replaced. The situation is further complicated by the fact that TPA currently utilizes the Pemberton Road allowance property tax free whereas 5667 Yonge Street will attract property taxes estimated at \$33,400 per year. This means that while the Pemberton lot creates net revenue for TPA, the proposed replacement lot would lose money due in large part to the payment of municipal taxes for the 5667 Yonge Street property. Discussions with City Finance staff on the possibility of exempting 5667 Yonge Street from property taxes were unsuccessful.

To address the need to replace the lost spaces and compensate TPA for the difference in revenue between the existing and replacement lots, the following sharing of financial risk has been negotiated with TPA:

- TPA will pay the fair market value for 5667 Yonge Street (established by an independent appraiser).
- Any expropriation premium will be borne by TTC. The TTC's risk is estimated to be between 7.5% and 15% of the fair market value of the property.
- The TTC will pay TPA the difference in net profits between the two lots (Pemberton and 5667 Yonge Street) capitalized at the rate of 9.5%.
- The TTC will pay for the cost to construct the replacement lot and land transfer taxes, environmental studies, and legal costs.

The TPA's estimate for the fair market value of 5667 Yonge Street is \$725,000.

The TTC's property related costs range from a low of \$454,400 to a high of \$620,850 depending on the risks involved as follows:

COST FACTOR	LOW ESTIMATE⁽¹⁾	HIGH ESTIMATE⁽²⁾
Compensation for lost revenue	\$265,000	\$352,000
Expropriation premium for 5667 Yonge Street replacement lot based on fair market value	54,400	108,850
Legal and other costs	35,000	35,000
Construction cost of replacement lot	100,000	125,000
TOTAL	\$454,400	\$620,850
Say	\$455,000	\$620,000

1. 7.5% expropriation premium, 10-space lot
2. 15% expropriation premium, 13-space lot

The expropriation premium, construction costs and other costs are estimates only, and the TTC would pay the actual costs incurred for these items. The fair market value and compensation owed to TPA are fixed amounts and are not subject to change.

The Capital Program included \$300,000 for the acquisition of this property which is now forecast to cost \$620,000. Thus, an increase of \$320,000 to the Capital Program is required for this project.

JUSTIFICATION

The increased cost of the property settlement is acceptable to TTC staff as a way of facilitating the construction of this important TTC project although it is higher than budgeted and more than would be required if only compensation were paid to TPA. It also recognizes the importance of parking spaces to retailers in the area and responds to the local councillor's concern about this issue.

August 11, 2003

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Attachments: Exhibit 1- New Bus Exit

Exhibit 2 –Layout Plan (13-Space Lot)