

**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: December 13, 2006

SUBJECT: Kipling/Islington Redevelopment Strategy – Status Of Cost Sharing Discussions

RECOMMENDATION

It is recommended that the Commission:

- (1) Approve in principle, the cost sharing formula for the City of Toronto contribution to the Kipling and Islington bus terminal projects outlined in this report as the basis of discussions with Mississauga Transit (MT), GO Transit and the Province of Ontario,
- (2) Forward this report directly to the City Executive Committee at its meeting of January 2007,
- (3) Direct TTC staff continue to work cooperatively with City, MT, GO, GTTA and Provincial staff with respect to the funding and implementation of the Kipling and Islington projects and the proposed SNC development at Bloor-Islington,
- (4) Forward this report to the GTTA for support and consideration of priority funding as an interregional transit initiative, and
- (5) Authorize the Chair to write to the Federal Government requesting a Federal contribution to the Kipling/Islington Capital Projects.

FUNDING

The gross costs of the Kipling and Islington projects are currently not included in the TTC's 2006-2010 Capital Program budget as approved by City of Toronto Council on December 12, 2005. The Kipling/Islington initiative is included in the 2007-2011 Capital Program as a recommended below the line project. The Commission (September 20, 2006) and City Council (September 25-27, 2006) authorized interim funding of \$1.7 million to proceed with 30% design of both projects. This is anticipated to be sufficient for engineering to proceed until March 31, 2007 at which time additional funding will be necessary to continue working on both projects. If included above the line, the Kipling project would represent an increase of \$35.5 million (including \$2.0 million for property) and the Islington project would increase the capital budget by \$22.9 million (including \$3.3 million for the 2 Fieldway Commuter Parking Lot). The net cost of these projects to the City is anticipated to be \$2.2 million for Kipling and \$15.3 million for Islington. It should be emphasized that the net cost to the City is offset by the expected real estate proceeds from the SNC property acquisition.

The net cost to the City of both projects is based on the Provincial, GO Transit and MT capital contributions for the remaining non-City costs. Cost sharing discussions are underway with all parties with the exception of the Federal government which has not yet been asked for a contribution.

BACKGROUND

At the September 20, 2006 Commission meeting, the Commission approved in principle the concepts for Kipling and Islington redevelopment strategy to relocate MT to Kipling, construct a new TTC terminal at Islington and accommodate the redevelopment of the Bloor Islington lands as the basis of cost sharing discussions with affected agencies. As the Commission is aware, SNC Lavalin, one of Canada's leading engineering firms, has proposed to relocate its GTA head office to a portion of the Bloor-Islington site as a Phase I development.

TTC and City staff have been negotiating with SNC with respect to their acquisition of the property, direct connections to the subway, parking requirements and the timing of relocation of MT/TTC from the existing bus terminal at Islington which is adjacent to SNC's proposed Phase I development.

The proposed plan for Islington and Kipling stations approved by the Commission is outlined in Exhibits 1 and 2. Exhibit 3 outlines the proposed construction staging plan which would result in the TTC and MT bus terminals being relocated in parallel with the SNC development.

The key components of the plan are as follows:

- MT bus operations would be relocated to Kipling station in a new full accessible joint MT/GO Transit bus terminal.
- A new accessible TTC bus terminal would be built in the Hydro Corridor north of Islington Station.
- This would allow the Bloor-Islington lands to redevelop in two phases. Phase I would include a 345,000 sq. ft. Corporate Head Office for SNC Lavalin on the former site of the Royal Canadian Legion. Phase II would see the bus terminal lands develop into a mixed use complex. This could include a West District City office with a civic square and/or private sector development (an additional 750,000 sq. ft.).
- The Kipling and Islington bus terminal projects would include the construction of replacement commuter parking, expanded passenger pickup and drop off facilities and new accessible entrances.
- In the medium term, the Westwood Theatre lands would also redevelop enhanced by a new east entrance to Kipling Station.

SNC has indicated that, as part of the agreement to acquire the Bloor-Islington property from the City of Toronto, there must be a commitment that MT/TTC bus operations be relocated from the existing site by the time the SNC office is occupied in September 2009. TTC staff continue to work on construction staging plans to satisfy SNC's timing requirements.

Key to any requirement to move MT to Kipling and construct a new TTC terminal at Islington is capital funding from GO Transit, MT, the City of Toronto, the Province of Ontario and potentially the Federal Government. The capital costs of the new Kipling and Islington projects are \$35.5 million and \$22.9 million respectively including the two new bus terminals and replacement of the TTC facilities displaced by SNC at Islington or by MT/GO Transit at Kipling.

The costs and benefits of the Kipling/Islington capital projects were presented to the Deputy Minister of the Ministry of Transportation (Shelly Jamieson) on November 21, 2006 and the newly appointed Chair of the Greater Toronto Transportation Authority (GTTA, Rob MacIsaac) on November 30, 2006. The response from both the Ministry and the GTTA was very supportive in terms of potential funding for both projects on a priority basis. TTC and City staff are optimistic that a significant Provincial contribution to both projects may be available in the near future.

In the meantime, efforts to complete the 30% design of both projects by March 31, 2007 continue. On the authority of City Council's approval of \$1.7 million in interim funding and negotiations continue with SNC with the objective of finalizing a real estate transaction by early 2007. In order to conclude the SNC negotiations in a timely manner and be able to proceed with design beyond March 31, 2007, it is critical that a funding commitment from the Province of Ontario for both projects be in place by early in the new year.

The remainder of this report outlines a cost sharing formula for the Kipling and Islington projects based on the benefits to the respective parties and responds to a Commission motion to report back on the status of negotiations.

DISCUSSION

Appendix 1 outlines the overall interregional transit, ridership, development, economic, environmental, energy, accessibility and land use benefits of the Kipling/Islington redevelopment strategy. Based on these benefits, TTC and City staff proposed a cost sharing formula to Provincial staff for their consideration. The formula assumes no Federal government contribution at this time and results in the following cost contribution by the City of Toronto:

<u>Source of Funding</u>	<u>Islington</u>	<u>Kipling</u>	<u>Total</u>
City of Toronto	\$15.3 M	\$2.2 M	\$17.5 M
Other	<u>\$7.6 M</u>	<u>\$33.3 M</u>	<u>\$40.9 M</u>
TOTAL	\$22.9 M	\$35.5 M	\$58.4 M

The Kipling cost sharing formula is based on the following principles:

- The City of Toronto should contribute the property required to implement the bus driveway from Dundas Street to the new MT/GO Transit terminal (with others assuming the construction cost of the driveway) in recognition of the fact that TTC buses will utilize the bus driveway and new MT/GO Transit terminal to directly access the existing TTC Kipling bus terminal. This is an operational benefit to the TTC as it removes TTC from a congested mixed traffic environment on Auckland Avenue. As well, the City should contribute 25% of the cost of the proposed East entrance to Kipling station.
- The remaining project costs are assumed to be provided by others (MT, GO, Province) on a cost sharing basis to be negotiated between those three parties.

Overall, the above principles results in the following share of overall Kipling project costs:

City of Toronto 6.2%
Other 93.8%

The Islington project costs are split between the Province of Ontario on a 66%/33% basis with the City of Toronto portion being offset by the proceeds of the SNC real estate transaction as recently directed by City Council.

JUSTIFICATION

The approval of a cost sharing formula for the Kipling/Islington projects will facilitate discussions with the Province of Ontario on a capital contribution to both projects. A commitment of funds from the Province, GO Transit and MT is urgently required in order to redevelop the Bloor-Islington lands to their highest and best use.

December 1, 2006
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Attachments: Exhibits 1, 2 and 3, Appendix 1