

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: December 14, 2011

SUBJECT: LICENCE RENEWALS – TTC COMMUTER PARKING LOTS

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission:

1. Approve the commercial terms outlined in this report associated with renewal licence agreements between the City of Toronto, on behalf of the TTC, and Her Majesty the Queen in Right of Ontario as represented by the Minister of Infrastructure for six (6) TTC commuter parking lots located within hydro corridors.
2. Advise the City of Toronto, Real Estate Services Division, of the Commission's decision and to take the necessary action to execute the renewal licences by February 20, 2012.

FUNDING

A provisional liability estimate was established in prior years' budgets for the impact of the retroactive rent adjustments and, accordingly, there is no further impact on this year's budget. There are sufficient funds provided in the 2011 and 2012 TTC Operating Budget for the 2011 and 2012 rents, and sufficient funds will be provided in future years budgets after 2012.

BACKGROUND

The TTC has licenced hydro corridor lands at these subway stations for the use, construction, maintenance, and operation of commuter parking lots since the opening of the specific subway stations dating back to the 1970's.

These commuter parking lots play a significant role in providing intermodal transit service to commuters with convenient facilities to park their private vehicles and board the subway to complete their travel into the city core. Commuter parking lots also help with reducing traffic congestion and improving overall air quality with reduced vehicle emissions.

DISCUSSION

The City of Toronto, Real Estate Services Division, in consultation with the TTC's Property Development department negotiated the commercial terms outlined in this report that are to be included in the renewal licences between the City of Toronto and Her Majesty the Queen in Right of Ontario as represented by the Minister of Infrastructure for the following commuter parking lots:

- Finch (East/West);
- Islington (Lomond and Main); and
- Kipling (North and South)

These six (6) commuter parking lots comprise 5,487 spaces representing approximately 39% of the total inventory, generating \$4.9M in revenue (2012) or about 44% of the total revenue budgeted in 2012.

Commercial Terms:

Term: Five (5) years commencing January 1, 2012, expiring December 31, 2016.

ANNUAL LICENCE FEES	
Commuter Parking Lot	Annual Licence Fee (Jan. 1/12 To Dec. 31/16)
Islington West (Main)	\$57,990
Islington (Lomond)	\$64,390
Kipling (North)	\$91,830
Kipling (South)	\$166,665
Finch (East/West)	\$721,451
Total	\$1,102,326

Arrears: Payment by January 31, 2012 of \$1,490,600 in rent arrears covering the period from May 1, 2007 to December 31, 2011.

The commercial terms negotiated are favourable to the TTC, as noted below:

- Applied Industrial Land Values based on 2008 appraisals in the calculation of the licence fees as opposed to Over the Fence values which likely would result in significantly higher licence fees;
- Arrears for the period May 2002 to April 2007 have been waived;
- Actual rent arrears of \$1,817,856 have been reduced by \$327,256 to \$1,490,600 in order to recognize the value of receiving the entire rent arrears on a lump sum payment by January 31, 2012, rather than equal payments over the five (5) year term of the renewal agreements;
- The licence fees will remain constant throughout the term (no escalation);
- Property tax charges will remain at 75% of land value.

JUSTIFICATION

The secondary use of the hydro corridor lands for the TTC commuter parking lots is the best use of the hydro corridor lands providing transit users with convenient facilities while generating much needed revenue for the TTC.

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