

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** November 21, 2012

**SUBJECT:** TRANSFER OF LEASES TO METROLINX

## **ACTION ITEM**

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### **RECOMMENDATION**

It is recommended that the Commission approve:

1. The transfer and/or assignment of the sublease dated October 2009 for the second and third floors of 5160 Yonge Street between Maple Leaf Foods Inc. and the Toronto Transit Commission to Metrolinx;
2. The transfer and/or assignment of the lease dated October 2011 for the concourse level of 5150 Yonge Street between The Great West Life Assurance Company and London Life Insurance Company and the Toronto Transit Commission to Metrolinx;
3. The transfer and/or assignment of the lease dated November 2010 for the ground floor of 1848 Eglinton Avenue West for a community liaison office supporting the Eglinton Crosstown LRT project between Nathan Pila, Pola Pila and Eva Saperia and the Toronto Transit Commission to Metrolinx;
4. Funds in the amount of \$50,000.00 to pay the costs associated with the transfer of the above noted sublease and leases; and

Authorize staff to enter into the agreements necessary to affect the transfer of the above noted sublease and leases.

### **FUNDING**

The costs associated with the transfer of the sublease and leases to Metrolinx are additional expenses, which Metrolinx has agreed to cover. A commitment will be sought from Metrolinx to address any resultant incremental costs related to this transfer.

**BACKGROUND**

At its meetings of February 12, 2012 and March 22, 2012, Toronto City Council made decisions to support the implementation of the Eglinton Crosstown LRT, Sheppard East LRT, Scarborough LRT and Finch West LRT projects. On April 25, 2012, the Metrolinx Board authorized, subject to approval by the Province, proceeding with implementation of the Eglinton Crosstown LRT, Sheppard East LRT, Scarborough LRT and Finch West LRT. The 2010 Metrolinx/TTC/City of Toronto Master Agreement defined the roles and responsibilities of each of the parties. In April 2011, Metrolinx advised the TTC that Metrolinx's role would change from oversight to implementation. At its meeting of May 30, 2012, the Commission considered the staff report "LRT Projects in Toronto – Project Delivery" with respect to the transfer of program management functions, project design, construction and community relations from the TTC Transit Expansion Program to Metrolinx and directed the Chief Executive Officer to commence the reallocation of TTC staff, to the extent possible, from the LRT program to other TTC programs. The transfer of these responsibilities from the TTC to Metrolinx began in June 2012.

The TTC Transit Expansion department was established in 2008 to provide a dedicated team of TTC staff and in-house consultants to deliver the LRT projects. To accommodate the needs of the Transit Expansion department, the TTC subleased 37,118 square feet of space on the second and third floors of 5160 Yonge Street from Maple Leaf Foods Inc. in 2009. A further 26,005 square feet on the concourse level of 5150 Yonge Street was leased from The Great West Life Assurance Company and London Life Insurance Company in 2011. In 2010, it also leased space for a community liaison office to support the Eglinton Crosstown LRT. With the transfer of responsibility for the design and construction of the LRT projects from TTC to Metrolinx, the TTC no longer needs this space; however, Metrolinx has indicated that it requires the space to house project staff and asked that the leases be transferred to them as soon as possible.

**DISCUSSION**

With the transfer of the LRT project implementation responsibilities to Metrolinx, the TTC no longer requires the office space leased to support it and all these commitments and related administration should be passed to Metrolinx at this point.

The lease between the TTC and The Great West Life Assurance Company and London Life Insurance Company for space on the concourse level of 5150 Yonge, provides for the transfer of the lease to Metrolinx on completion of agreements with the landlord, including the payment of related costs and transfer fees.

Staff will use their best efforts to transfer full responsibility for the sublease with Maple Leaf Foods Inc. and the lease for the community liaison office by way of complete assignment to Metrolinx. The sublease with Maple Leaf Foods Inc. for space on the second and third floors of 5160 Yonge Street, although contemplating the possibility of future transfers or subleases, makes no specific provision for transfer to Metrolinx and requires the prior approval of both Maple Leaf Foods Inc. as the head landlord and The Great West Life Assurance Company and London Life Insurance Company as the landlords for any transfer or assignment. The landlords can choose to: (a) allow the request, (b) ask that the TTC remain on the lease as a sublessee and in turn sublease to Metrolinx or (c) not approve either course of action. Staff understand that the landlords have no objection to Metrolinx leasing the space; however, the form (assignment or sublease) needs to be determined. At this time, staff do not know whether the TTC will be able to transfer its entire interest and, therefore, all liabilities and costs to Metrolinx, or will be required to remain on covenant and sublease to Metrolinx. If either the head landlord or the landlord insists on the latter, the TTC will remain liable until December 1, 2016 for the payment of rent and obligated to recover such payments from Metrolinx and also incur the otherwise avoidable administrative costs to administer the sublease. A commitment will be sought from Metrolinx to cover these costs.

The transfer of the community liaison office for the Eglinton Cross-Town project is subject to similar conditions to those governing the above noted sublease. Should the landlord require that the TTC sublet to Metrolinx, the TTC will remain liable for the payment of rent in case of any default on the part of Metrolinx until February 1, 2016.

The cost to transfer the agreements is estimated in the range of \$50,000.00 and Metrolinx has committed to covering these incremental costs to facilitate their direction of transfer.

**JUSTIFICATION**

Due to the shift in responsibilities from the TTC to Metrolinx, the TTC no longer has use for the office space it leased for the Eglinton Crosstown LRT, Sheppard East LRT, Scarborough LRT and Finch West LRT projects. If Metrolinx did not require the space for the projects, the TTC would be required to transfer the leases or sublease the space. The transfer of the sublease and leases to Metrolinx is in keeping with the Master Agreement between TTC and Metrolinx and in the best interest of the TTC.

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November 21, 2012  
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