



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

Concord Lease for Interim Bus Storage and Maintenance Facility

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| Date: | June 22, 2015 |
| To: | TTC Board |
| From: | Chief Executive Officer |
| Reason for Confidential Information: | This report is about a proposed or pending acquisition or disposition of land for municipal or local board purposes. |

Summary

The purpose of this report is to seek the Board's pre-approval of an Offer to Lease an interim bus storage and maintenance facility (Concord Bus Garage) at 8301 Keele Street, Vaughan and delegation of authority to enter into a lease subject to the terms and conditions outlined in the Confidential Attachment.

On February 2, 2015 as part of the Board recommended 2015 Operating and Capital budget process, City Council approved the purchase of 50 additional buses to enable peak service improvements in the system as well as the lease of a temporary facility to accommodate the additional buses. On February 25th the TTC Board approved entering into an agreement with Nova Bus for the purchase of these buses for delivery in 2015 and 2016.

An extensive search for an interim bus facility was conducted by TTC staff to meet these specific requirements. The proposed site available for lease at 8301 Keele Street is suitable for these purposes and provided that pre-approval is obtained from the Board today, the site is expected to be available to meet the timelines required for bringing the facility into operation in early 2016. This facility will permit the maintenance and storage of 50 additional buses, with the potential to maintain, store and dispatch up to 80-90 buses. Securing this facility will enable the TTC to improve express bus service reduces peak crowding levels and help to prevent further overcrowding at existing garages.

Recommendations

It is recommended that the Board:

1. Adopt the confidential recommendations contained in the confidential attachment to this report; and
2. Authorize the public release of the confidential information contained in this report once a lease has been executed between the TTC and the owner of 8301 Keele Street.

Implementation Points

In accordance with Corporate Policy 6.5.0 Authorization for Expenditures and Other Commitments, paragraph 3.7.9, leasing contracts having a term over ten years or lease payments of over \$200,000 per year require Board approval.

Financial Summary

The 2015 TTC Operating Budget provision of \$1.6 million is sufficient to cover the 2015 lease and leasehold improvement amortization expenses.

While the full cost of the leasehold improvements have not yet been finalized, current estimates indicate that the associated amortization of these expenses can be accommodated within the currently projected \$12 million annual budget on a going-forward basis.

The Chief Financial & Administration Officer has reviewed this report and agrees with the financial impact information.

Accessibility/Equity Matters

Accessibility is a legislative requirement for transit vehicles and is included in the bus procurement specification. TTC's bus fleet is compliant with accessibility requirements.

Barrier free access to the office and garage at 8301 Keele Street is provided from the street to staff washrooms, lockers, and amenities and offices by means of doors located on the ground floor of the building. Any modifications to the leased space to meet AODA or barrier free requirements will be undertaken as part of leasehold improvements.

Decision History

At the Board Meeting of August 19, 2014, TTC staff submitted recommendations to improve transit service in Toronto. The recommendations in this report were endorsed by the Board. Refer to agenda item 17 in the following link:

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2014/August_19/Supplementary_Agenda/index.jsp

On February 2, 2015 as part of the 2015 Capital and Operating budget deliberations, City Council approved \$95 million in transit service enhancements beginning in 2015. Refer to item 3a in the following link:

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/February_2/Agenda/index.jsp

Subsequently, at the February 25, 2015 Board Meeting, the Board approved the amendment to contract C32PM13774 (Supply of 55 Forty Foot Low Floor Clean Diesel City Buses) with Nova Bus to include the purchase of an additional 50 buses to improve bus express routes as identified in the August 19, 2014 Board Report. Refer to item 16 in the following link:

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/February_25/Supplementary_Agenda/index.jsp

Issue Background

Current Operating Conditions

The Toronto Transit Commission operates bus service out of seven garages located across the city of Toronto. Each garage, with the exception of one smaller garage, is designed to store and maintain a total of 250 40-foot buses. The combined total capacity of the seven garages is 1,630 vehicles.

Base ridership growth, customer service initiatives and articulated buses have resulted in TTC operating in a state of overcapacity at the garages. By the end of 2015, to meet peak customer service demands, a total of 1,830 buses will be utilized to enhance service beginning in 2016 specifically to reduce waits and crowding at peak periods and introduce new express service. By 2020, this number will increase to 2,128 buses.

The seven operating garages will operate 200 buses overcapacity in 2015 and 498 buses overcapacity in 2020. This imposes operational constraints as well as concern over the safe movement of buses at each facility. Current projections include the scheduled opening of Eglinton Crosstown LRT. Further analysis is underway on the impact of Smart Track and the Scarborough Subway to the projected bus service requirements.

In 2014, TTC's Property Development and Planning Department was requested by the Bus Maintenance & Shops Department to identify buildings and properties that could be converted to an interim bus maintenance and storage facility to help mitigate the current pressure until the completion of the McNicoll Garage in early 2020.

8301 Keele Street

York Region Transit (YRT) announced in 2014 that it would be moving its bus maintenance operations located in a leased facility at 8301 Keele Street, to its new permanent facility at 55 Orlando Avenue, Richmond Hill in Q3 of 2015. The opportunity to lease the facility at 8301 Keele Street was identified by TTC staff.

A preliminary investigation of the facility determined it could not meet the requirements for an interim 250 bus garage. However, TTC staff estimate a total of 80 – 90 buses could be maintained, stored and dispatched from this facility.

Although the size and location of 8301 Keele Street does not address all of TTC requirements, the timing of availability of this facility and the potential to have it ready for use by January 2016 will enable service enhancements to be implemented on time and will help ease further overcrowding at existing garages. Staff is continuing to investigate additional sites for lease to accommodate the increasing bus fleet growth and over capacity and will report back to the Board.

Comments

While the property at 8301 Keele Street is currently being used as a bus maintenance facility, TTC has identified requirements for some of its operations that need to be undertaken. In addition, the landlord has been requested to undertake some work to bring the facility into a state of good repair prior to TTC's occupancy. This combined work will take about 4-5 months. As a result, there is some urgency to completing the offer to lease and allowing time for waiving of any conditions that remain in the offer.

TTC staff continue to negotiate an offer to lease with the owner of 8301 Keele Street. This is expected to be concluded shortly. However, given the timelines of work noted above that is required to bring this facility into operation by early 2016, it is important that the Board consider this report to pre-approve the entry into a final offer to lease and delegate authority for entry into the lease substantially on the terms and conditions laid out in the confidential attachment.

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Attachments

Confidential Attachment 1

03078-31-169