



For Action with Confidential Attachment

40 Carl Hall Road Industrial Space Lease

Date: December 15, 2020
To: TTC Board
From: Chief Capital Officer

Reason for Confidential Information

This report is about a proposed or pending land acquisition or disposition of land for municipal or local board purposes.

Summary

The purpose of this report is to seek the Board's approval to extend the TTC's use of 40 Carl Hall Road in Toronto for two years with an option to extend the space for an additional year.

Recommendations

It is recommended that the Board:

1. Authorize staff to request the City of Toronto, Corporate Real Estate Management to negotiate and enter into a new lease agreement with the Parc Downsview Park on TTC's behalf, for the use of a portion of 40 Carl Hall Road, on terms and conditions summarized in this report, in a form acceptable to the TTC's General Counsel; and
2. Approve the confidential recommendation attached in Attachment 1.
3. Authorize the public release of the confidential information and recommendations in Attachment 1, when the new lease for 40 Carl Hall Road is executed to the satisfaction of the TTC's General Counsel.

Implementation Points

In accordance with Corporate Policy 6.5.1 Authorization for Expenditures and Other Commitments, Paragraph 3.7.9, leasing contracts having a term greater than 10 years require Board approval.

Financial Summary

The financial summary information is contained within the Confidential Attachment.

Equity/Accessibility Matters

The 40 Carl Hall Road warehouse facility is not an accessible workplace due to the main entrance doors only being accessible by stairs. There is one drive-in warehouse ramp available for use if required. Due to the age of the building and limited term of the lease accessibility retrofits are not anticipated or recommended at this time. This area is proposed for redevelopment in the near future.

Decision History

Board approval was received on October 29, 2009 to enter into a lease for 95,000 square feet of space for a two-year term up to December 31, 2011. The TTC exercised its first option to renew for a one-year period to December 31, 2012.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2009/October 29 2009/Reports/Leasing of 40 Carl H.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2009/October%2029%202009/Reports/Leasing%20of%2040%20Carl%20H.pdf)

On May 24, 2013 Commissioner Maria Augimeri moved the motion that was approved by the Board for a lease extension with the additional space requirements until December 31, 2014.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2013/June 24/Minutes/1959M-May 24%2C 2013.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2013/June%2024/Minutes/1959M-May%2024%2C%202013.pdf)

On May 28, 2014 the Board approved the extension of this agreement for another two years up to December 31, 2016.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2014/May 28/Reports/Lease Extension 40 Carl Hall Road.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2014/May%2028/Reports/Lease%20Extension%2040%20Carl%20Hall%20Road.pdf)

On May 31, 2016, the Board approved entering into a lease extension with no additional extension options expiring December 31, 2020. This was the fifth Lease Amending agreement to the initial lease.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2016/May 31/Reports/20 Renewal of Warehouse Space Lease 40 Carl Hall Road.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2016/May%2031/Reports/20%20Renewal%20of%20Warehouse%20Space%20Lease%2040%20Carl%20Hall%20Road.pdf)

Comments

The TTC has been a tenant in 40 Carl Hall Road for approximately 11 years. The site is located at the north end of Parc Downsview Park and is in a desirable location for the TTC given its proximity to the subway system (Sheppard West formerly Downsview Station) and highway access. The space will continue to be used by TTC's ATC, Wiring & Services and Structural departments.

This area is proposed for redevelopment in the near future and as such is only able to offer a short-term lease, which also results in below market rent. It is advantageous for TTC to remain in this building for as long as it is able.

The changes to Chapter 279 of the Municipal Code as of January 1, 2018 requires a new lease, with the Landlord and City of Toronto as parties, rather than an extension to the existing lease.

It is unlikely further renewals will be possible due to the owner's redevelopment plans and staff are reviewing future options to meet the TTC's industrial space requirements.

This report recommends proceeding with the new lease agreement based on the terms and conditions set out in this report, and in the attached confidential information document, as a cost-effective means of providing required spaces in an optimal location.

Contact

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Signature

Gary Downie
Chief Capital Officer

Attachments

Confidential Attachment 1

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