



## For Action with Confidential Attachment

### Industrial Space Lease

**Date:** January 19, 2023  
**To:** TTC Board  
**From:** Chief Capital Officer

#### Reason for Confidential Information

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

#### Summary

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The purpose of this report is to seek the Board's approval to enter into a lease for industrial space for a period of 10 years with up to three, five-year renewal options to meet the needs of the Automatic Train Control (ATC) project and Signals groups, subject to the terms and conditions outlined in this report

#### Recommendations

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It is recommended that the TTC Board:

1. Authorize staff to request the City of Toronto, Corporate Real Estate Management, to negotiate and enter into a new lease agreement on the TTC's behalf, on terms and conditions summarized in this report, in a form acceptable to the TTC's General Counsel.
2. Approve the confidential recommendation attached in Confidential Attachment 1; and authorize its public release upon execution of the lease agreement.

#### Implementation Points

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

#### Financial Summary

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The financial details are included in Confidential Attachment 1.

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

## **Equity/Accessibility Matters**

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The TTC is committed to establishing and maintaining reliable, safe, accessible and inclusive transit services for all our employees and customers, as highlighted as a cornerstone in the TTC's current five-year Corporate Plan. The leased space offers barrier-free access to the facility by means of the front entrance doors and drive-in door.

## **Decision History**

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Board approval was received on October 29, 2009 to enter into a lease for 95,000 square feet of space at 40 Carl Hall Road 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. [Leasing of 40 Carl Hall Road, Downsview Park](#)

On May 24, 2013, the Board approved a lease extension with the additional space requirements until December 31, 2014.

[Lease Extension - 40 Carl Hall Road, Downsview Park](#)

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

[Lease Extension - 40 Carl Hall Road](#)

On May 31, 2016, the Board approved entering into a lease extension with no additional extension options expiring December 31, 2020.

[Renewal of Warehouse Space Lease - 40 Carl Hall Road](#)

On December 15, 2020, the Board approved entering into a lease extension with no additional extension options expiring December 31, 2023.

[40 Carl Hall Road Industrial Space Lease](#)

## **Issue Background**

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The TTC has been a tenant at 40 Carl Hall Road in North York for 13 years with ATC Line 1 & Signals currently occupying 37,000 square feet of space. The site is located at the north end of Parc Downsview Park, which is proposed for redevelopment in the near future. The landlord could only propose a short-term lease extension of two years beyond the present December 31, 2023 expiry date.

The ATC project and Signals groups are in process of transitioning to begin work on the Line 2 project that will continue until 2034. In addition to the Carl Hall lease not being available for the duration of the project, it is also not ideally located within proximity to Line 2.

Neither the TTC or the City have any surplus industrial space available to fulfill this need; nor are there suitable purchase opportunities in the marketplace.

An available leased location of an appropriate size with minimal required building renovations has been found located within easy access to Line 2.

The proposed lease term for this location covers the duration of the Line 2 project. In the event that it is determined to implement ATC on Line 4 (upon completion of the Line 2 project) the extensions to the lease will permit the TTC to occupy this space for that project duration as well, or to terminate its occupancy if the Line 4 project does not proceed.

Due to an amendment to the City of Toronto Municipal Code in 2018, the City of Toronto now enters into lease agreements on the TTC's behalf.

## **Comments**

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Staff recommends the City of Toronto negotiate and enter into a new lease agreement on the TTC's behalf resulting in occupancy for a period of 10 years, with extensions on the terms and conditions summarized in the Confidential Attachment, as a cost effective means of providing suitable space for ATC's Line 2 Project and Signals.

## **Contact**

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## **Signature**

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Gary Downie  
Chief Capital Officer

## **Attachments**

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Confidential Attachment 1

SP#03078-31-562