



For Action with Confidential Attachment

Lease Extension at 40 Carl Hall Road, Unit 1024

Date: May 8, 2023
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 enter into a lease extension agreement to continue the industrial use occupancy of Unit 1024 at 40 Carl Hall Road in Toronto for two years from its expiry on December 31, 2023 and further extend occupancy for up to two additional years, subject to the terms and conditions outlined in this report.

Recommendations

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 two-year lease extension and up to a further two-year lease extension agreement(s) with the Landlord (Parc Downsview Park) 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 extension agreement (s).

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. The TTC has occupied 40 Carl Hall Road for 14 years with no remaining extensions.

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

Financial Summary

The financial details are included in Confidential Attachment 1.

Equity/Accessibility Matters

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 40 Carl Hall Road warehouse facility is not a fully 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, additional accessibility retrofits are not anticipated. This area is proposed for the redevelopment of other uses in the near future.

Decision History

Board approval was received on October 29, 2009 to enter into a lease for 95,921 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

The TTC has been a tenant at 40 Carl Hall Road in North York for 14 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 Station) and highway access.

On December 31, 2023, the lease for the TTC's space in Units 1024 and 1024A at 40 Carl Hall Road will expire. Unit 1024A will be surrendered at that time, as ATC and Signals will have been relocated to an alternate location. Unit 1024, occupied by Wiring

and Service, Structure Maintenance, Special Constables and Operations Training Centre staff will remain and the lease for that portion of the building is proposed to be extended. The two units are completely independent of each other, therefore no costs are required to extend the lease for only one of the units presently occupied by the TTC.

40 Carl Hall Road is proposed to be redeveloped in the near future and the Landlord is presently only able to offer a two-year lease extension. Should the Landlord defer redevelopment, staff want the ability to extend the lease for up to an additional two years, or to 2027 when space becomes available at the TTC's owned property at 800 Kipling Avenue. In the interim, TTC staff will continue to search for replacement space should the owner proceed with the redevelopment of the site in 2026.

800 Kipling Avenue was purchased in fall 2022 for the TTC by the City of Toronto for the TTC's future 10th garage and to assist in meeting the TTC's industrial space requirements in the interim. As a condition of the purchase, however, existing tenants must remain until the end of their lease term that expires at the end of 2025. Ideally, required improvements will be completed and remaining TTC user groups from 40 Carl Hall Road could relocate to 800 Kipling Avenue by approximately Q3 2026.

There is no other additional space available for the remaining Carl Hall users in the TTC portfolio to relocate into, and the City of Toronto has also confirmed they have no surplus industrial space that meets the operational needs.

Comments

Staff recommends the City of Toronto negotiate and enter into a lease extension agreement on the TTC's behalf resulting in continued occupancy of Unit 1024 at 40 Carl Hall Road for an additional two years from its expiry on December 31, 2023. Should the Landlord be amenable to a further extension, staff recommends a further lease extension be entered into for up to two years, at market rent on the terms and conditions summarized in the Confidential Attachment, as a cost effective means of providing suitable space in an optimal location until industrial space is available at the TTC's 800 Kipling Avenue location.

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Signature

Gary Downie
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Attachments

Confidential Attachment 1