



STAFF REPORT ACTION REQUIRED

Toronto Coach Terminal Inc. (TCTI) – 610 Bay Street and 130 Elizabeth Street, Toronto – Lease Disposition

Date:	April 20, 2017
To:	TTC Board
From:	Chief Executive Officer

Summary

At the January 18, 2017 TCTI Meeting of Directors, a motion was passed that directed staff to report to the Board on the future of the properties owned by TCTI and the lease agreement for those properties at 610 Bay Street and 130 Elizabeth Street, Toronto, between TCTI as owner and Greyhound Coach Canada Toronto Operations Limited (GACCTO) as tenant. TCTI is wholly owned by TTC. The TCTI Board requested the TTC give consideration to all planning requirements for the site and in consultation with Build Toronto.

The lease agreement that commenced July 2012 was approved by the TCTI Board in 2012. It included an initial five year term and the option of two additional two year terms. GACCTO has exercised the first lease extension option for the period from July 2017 to July 2019. GACCTO may continue its lease of the TCTI properties until July 2021, if it elects to exercise its second lease option.

GACCTO is in negotiations with Metrolinx to relocate its operation from the TCTI properties to Metrolinx's new interregional bus terminal facility that is being developed at 45 Bay Street, Toronto.

When GACCTO vacates the properties, TTC proposes that the TTC Board declare the properties surplus to the operational needs of the TTC. Build Toronto has expressed strong interest to the TTC in acquiring the properties for redevelopment and a market sale.

Recommendations

It is recommended that:

1. The Board receive the information contained in this report and direct staff to advise City Planning, Real Estate Services and Build Toronto of the lease expiry timelines to ensure a sufficient timeframe to reposition the properties from a planning perspective to permit to their highest and best use prior to being declared surplus.

Financial Impact

This report has no financial impact at this time. When GACCTO vacates the site, the TTC will lose the rental income which is presently approximately \$1.2 million. Any sale or transfer of the property for redevelopment would incorporate the outstanding loan amount that the TCTI owes to TTC, which is presently valued at approximately \$7.7 million.

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

Accessibility/Equity Matters

There are no accessibility or equity matter impacts.

Decision History

At the May 20, 2012 meeting of the TCTI Board of Directors, the Board approved the report:

https://www.ttc.ca/About_the_TTC/Subsidiaries/Toronto_Coach_Terminal_Inc/2012/May_30_2012/Meeting_of_Directors_May_30_2012/Reports/Toronto_Coach_Termin.pdf

At the January 18, 2017 meeting of the TCTI Board, a report was received advising the tenant, GACCTO, had exercised an option to extend the term of the lease by another two years pursuant to section 2(c) of the lease and requested staff report back to the TTC Board.

Issue Background

The extension of term of the lease for two years beyond the initial five year term suggests that GACCTO will not be moving to a new location prior to July 2019. The lease permits a further two year extension to July 2021.

Comments

Metrolinx is pursuing a new interregional bus terminal as part of the phase 1 development at 45 Bay Street. GACCTO is in negotiations with Metrolinx to operate at this location.

Construction on the new Metrolinx interregional bus terminal at 45 Bay Street, Toronto will likely commence during the first lease extension term of the TCTI properties and is anticipated to continue beyond July 2019, the end of the first lease extension term.

Depending on the construction timelines, it is possible that GACCTO could relocate its operation from the TCTI properties to the new Metrolinx bus terminal in the final extension term between 2019 and 2021.

Redevelopment of some of the neighbouring properties at Bay and Elizabeth Streets has occurred. Both Build Toronto and TTC staff expect that the value of the TCTI properties will continue to increase throughout the term of the lease, including the two extension terms. The Surplus Land Review presented at the September 28, 2016 TTC Board meeting contemplated substantial mixed use developments for the TCTI properties, which had been reviewed by Build Toronto at the time.

It is recommended City Planning, Real Estate Services and Build Toronto reposition the properties from a planning perspective during the remainder of the lease term to enable maximization of their value prior to being declared surplus.

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