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## 2004 BUDGET BRIEFING NOTE: Divestiture of Valley Halla

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2004-02-27

### **BAC Issue / Purpose:**

The purpose of this correspondence is to respond to the request from the Budget Advisory Committee (BAC) meeting on February 18<sup>th</sup>, related to *the divestiture of the Valley Halla House in consultation with Director of Facilities and Real Estate, and the CAO/Secretary-Treasurer of the Toronto & Region Conservation Authority.*

### **Background:**

The Valley Halla House was constructed in 1936 by Dr. Jackson and is located in the Rouge Valley on lands owned by the Toronto and Region Conservation Authority (TRCA). The building has been designated as being of architectural value or interest by the former Borough of Scarborough.

The property is managed and maintained by the Toronto Zoo as a result of the 1978 tripartite agreement between the Municipality of Metropolitan Toronto, the Board of Management of the Metropolitan Toronto Zoo and the TRCA. While the maintenance of such a facility does not relate directly to the Zoo's mission, the Board recognized and accepted that Valley Halla must be kept in a state of good repair.

The Valley Halla House has been rented on a short term basis and used by various film makers for movie scenes and for hosting Zoo functions. It was also rented to the Rouge Park Alliance for use as office space between 1996 and 1998. The remote location and access to this former residence in the valley seems to limit interest in the building to philanthropic individuals and organizations. A Request for Proposal in 1998, regarding proposed use of the facility, attracted one response related to using the house as a fine dining establishment.

### **Key Points:**

An unfortunate consequence of the remote location and access to Valley Halla is that prospective lessees expect that the considerable renovation costs to convert usage of the building will be absorbed by the Toronto Zoo and the City of Toronto. Also, the age and construction of the building demands a regular annual maintenance regimen to ensure it remains structurally sound. It is estimated that the current direct operating costs (utilities, custodial, security, grounds-keeping, etc.) and incidental maintenance costs for minimal upkeep are in the range of \$50,000 to \$75,000 annually, not including overhead and administration. This is somewhat offset by film rentals averaging \$35,000 over the last two years.

In August 2002, a general visual review of the facility was conducted by professional staff in the Design, Construction and Asset Preservation of the Facilities and Real Estate Department of the City. The report recommended work consisting of roof repairs including replacement of roof tiles, repair of gutters and downspouts and glazing repairs which were completed in the 2003 Capital Works Program (CWP).

In 2003 a Building Audit Report by Construction Control Inc. was completed. A multi year work plan, as a minimum, was established and incorporated into the proposed 2004-2008 CWP as follows:

<b>Proposed 2004 Capital Works Program</b>	<u>\$000's</u>
<u>Foundation Repairs</u>	\$105.0
Including repair of deteriorated concrete at perimeter foundation walls, excavate and apply membrane waterproofing and installing new drainage tile.	
<u>Floor and Wall Repairs</u>	81.0
Including repair deteriorated concrete forming the first floor slab, flashings, exterior walls, the stone masonry, the perimeter of the windows, replacing the plaster soffits, and installing caulking material at perimeter of windows and doors.	
<u>Electrical and Mechanical Repairs</u>	26.0
Including washrooms restoration and installing new emergency lighting system.	
<b>Total 2004</b>	<b>\$212.0</b>

### **Proposed 2005 Capital Works Program**

<u>Mechanical Equipment Replacement</u>	\$175.0
Including replacing galvanized water distribution piping in basement with copper piping, converting to hydronic heating system including installation of new distribution piping, providing exhaust systems for bathrooms and kitchens, providing a ventilation system, and upgrading the combustion air supply to the boiler.	
<u>Electrical Repairs</u>	37.0
Including repairs/replacement of interior lighting and installing new fire alarm system.	
<b>Total 2005</b>	<b>\$212.0</b>

The consultant recommended further work for the years 2006-2008 dependent on the use of the facility.

### **Conclusion:**

The proposed divestiture of Valley Halla could be referred to the Director of Facilities and Real Estate for further evaluation to ascertain:

- 1) The market value of the building and property in its current state.
- 2) Can the building be divested in its current state, or if not;
- 3) Provide update of the costs necessary to bring the building to a state where it could be marketed.
- 4) Assessment of the legal issues to be resolved with the TRCA.
- 5) Environmental assessment of third party ownership in relation to protecting the surrounding interests of the Rouge Valley and the Toronto Zoo.

Staff of the Toronto Zoo would be available as required for further consultation and related meetings on this matter with the TRCA and City of Toronto – Facilities and Real Estate.