



# TORONTO STAFF REPORT

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February 25, 2005

To: Budget Advisory Committee

From: Chief Administrative Officer  
Chief Financial Officer and Treasurer

Subject: Transfer of City-Owned Lands at 770 Don Mills Road (Ontario Science Centre)  
to the Province of Ontario to offset the City's repayment obligation in connection  
with an outstanding Provincial Loan

Purpose:

To authorize the transfer of City-owned lands at 770 Don Mills Road to the Province of Ontario to offset the City's repayment obligation in connection with the Provincial amalgamation loan to the City.

Financial Implications and Impact Statement:

The transfer of this land, currently assessed at \$35.2 million, to the Province will offset the City's repayment obligation to the Province of the \$20 million due in 2005, with the balance being used to offset future obligations under the loan agreement.

Recommendations:

It is recommended that:

- 1) the City-owned lands at 770 Don Mills Road (Ontario Science Centre) described as part of Lots 9 and 10, Concession 3, Fronting the Bay, designated as Parts 2, 3 and 5 on Plan RS-882 (the "Property") be declared surplus to City requirements, subject to the existing 99 year lease, and all steps necessary to comply with Chapter 213 of the City of Toronto Municipal Code be taken;
- 2) City staff be authorized to negotiate the transfer of this property to the Province of Ontario under the provisions of the Debenture, Asset Identification and Transfer Process Agreement, dated June 22, 2004;

- 3) the transfer be used to satisfy the 2005 repayment amount of \$20 million, and the value of the land in excess of the \$20 million required for the 2005 repayment obligation be used to offset future payments under the loan agreement;
- 4) this transfer be conditional on the Province refunding the January 15, 2005 payment of \$10 million by the City to the Province in connection with this loan;
- 5) the Chief Financial Officer and Treasurer be directed to report back to Council on the details of the transfer, and on a process for the identification of other appropriate City assets that could be used to satisfy its future loan obligations; and
- 6) the appropriate officials be authorized to take the necessary action to give effect thereto, and authority be granted for the introduction of the necessary Bills in Council.

Background:

In May 2003, the City of Toronto undertook a \$183.75 million debenture issuance to the Province of Ontario in connection with refinancing of outstanding provincial loans from 1998 and 1999.

In June 2004, the debenture was reissued by the City to take into account the deferral of the \$20 million 2004 loan repayment, leaving an outstanding balance at of December 31, 2004 of \$175,330,772.70. The January 15, 2005 interest and principal payment of \$10 million towards its 2005 obligation of \$20 million was transferred to the Province.

The agreement provides an opportunity during the term of the agreement for either the City or the Ministry of Municipal Affairs and Housing to identify property owned by the City, which if deemed suitable by the Province, may be transferred to the Province to offset part of the amounts owing.

Comments:

Given the Province's recent decision to not permit the \$20 million loan payment deferral for 2005, the City would like to pursue this offset option. The objective in the short term would be to agree to sufficient sale of property to offset the 2005/2006 payment with an agreement to discuss further sale of properties and/or payments to offset the loan.

The City has tabled the Ontario Science Centre property (770 Don Mills Road - parking lot, etc. of approximately 20 acres) which is no longer required by the City and which we assume may be of longer term interest to the Province or its Agency. The parcel is currently assessed by MPAC at \$35.2 million. While an appropriate process can be worked out to agree on a monetary value, it is apparent that the current or future use is well in excess of \$20 million.

Accordingly, City staff would like to enter into negotiations immediately with the intent of this property being transferred in 2005 to the Province to offset the 2005 loan payment amount.

The Property was originally acquired to accommodate a possible future interchange at Eglinton Avenue East and Don Mills Road. The former Metropolitan Toronto and the former Metro Toronto Region Conservation Authority, now referred to as the Toronto and Region Conservation Authority ("TRCA"), entered into a 99-year lease for City and TRCA lands with The Centennial Centre of Science and Technology, now referred to as the Ontario Science Centre ("OSC"), on July 1, 1965 at a nominal rent fee of \$1 per annum. The use of additional City lands for parking purposes was also included in the Schedule of the said lease. In 1973, a separate lease renewal between the former Metro Toronto and the OSC was generated to permit the use of a portion of the City's lands, shown as Parts 2 and 5 on Plan RS-882, for parking purposes. The lease renewal was for a five-year term with the potential for further renewals.

Metro Council, at its meeting held on June 21 and 24, 1988, adopted Clause No. 3 of Report No. 10 of the Parks, Recreation and Property Committee report, approving a lease renewal agreement for the parking over Parts 2 and 5 on said Plan. The terms for the parking lot at this point were for a 5-year lease commencing July 1, 1988 at a rate of \$30,000 per annum.

At its meeting held on June 1 to 2, 1994, Metro Council adopted Clause No. 10 of Report No. 18 of the Management Committee, thereby approving a lease renewal agreement for the same area. The terms for the parking lot included another 5-year lease commencing July 1, 1993 at a rate increased to \$40,000 per annum. The latest lease renewal between the City and the OSC was effective July 1, 1998 for a five-year term at the same rate as the previous agreement.

Details of the Property to be declared surplus are as follows:

|                         |   |
|-------------------------|---|
| Subject Property:       | Ontario Science Centre Parking Lot<br>A portion of 770 Don Mills Road                                   |
| Assessment Roll Number: | 1908-10-1-520-00300   |
| Legal Description:      | Part of Lots 9 and 10, Concession 3, Fronting the Bay,<br>designated as Parts 2, 3 and 5 on Plan RS-882 |
| Approximate Site Area:  | 19.84 ac (80,298.07 m <sup>2</sup> )  |
| Current Status:         | Parking Lot   |
| Zoning:                 | O3  |
| Existing Official Plan: | G-INS – General-Institutional   |
| New Official Plan:      | Institutional Areas   |

In order to proceed with the disposal of the Property, the City must comply with the procedures governing disposal of property. Section 268 of the *Municipal Act, 2001*, requires that, before selling any property, Council must declare the property to be surplus by by-law or resolution, give notice to the public of the proposed sale and obtain at least one appraisal of the market value of the property, unless exempted from doing so.

Conclusions:

The transfer of the surplus City-owned land at 770 Don Mills Road to the Province will alleviate the 2005 Operating Budget pressure of \$20 million associated with the City's loan obligation. The report recommends that a process for the identification of other appropriate City assets that could be used to satisfy its future loan obligations be undertaken with the Province.

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