



**For Action
with Confidential Attachment**

Property Acquisition for New TTC Bus Garage and Additional Operational Uses

Date: December 8, 2021
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 obtain approval to request City of Toronto staff negotiate for the acquisition of an industrial property that is strategically located and highly suitable as the future site of a new TTC garage and maintenance facility (10th garage). The site is also suitable to accommodate other TTC uses until the new bus garage is constructed and given the parcel size, additional TTC uses could be incorporated during the property's redevelopment as a garage. The description of the property, its suitability and terms and conditions of the acquisition are described in Confidential Attachment 1 to this report.

Recommendations

It is recommended that:

1. The Board approve the recommendations contained in Confidential Attachment 1 to this report, and that the information remain confidential at this time as it pertains to a proposed or pending acquisition or disposition of land.
2. Staff report back to the Board in Q1 2022 on the status of negotiations for the acquisition of land for a new TTC garage and maintenance facility.
3. This report including the Confidential Attachment 1, be forwarded to the CreateTO Board for their information and the City of Toronto Corporate Real Estate Management Division for their action.

Financial Summary

The 2021-2035 Capital Investment Plan and the Real Estate Investment Plan identified a 10th garage and maintenance facility as being required in 2038 and the need to accommodate industrial warehousing space lost due to expiration of leases or displacement due to redevelopment for higher order city building uses in the near future.

The financial details are included in the Confidential Attachment 1.

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

Equity/Accessibility Matters

Any new facility on this site will be designed and constructed with an equity and accessibility lens in accordance with TTC's policies, the Accessibility for Ontarians with Disabilities Act 2005 (AODA) and the Ontario Building Code.

Decision History

On April 30, 2014, the TTC Board received for information a staff report titled "Status of Planning Activities for the McNicoll Bus Garage", which informed the future uses for McNicoll Bus Garage.

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2014/April-30/Reports/C4_Extension_of_Redlea_Avenue_TTC_Bus_Garage_on_McNicoll_Ave.pdf?rev=06a5b50ff51e4a4d9f3c126156c1e6e7&hash=57051189D40DD035AB36D21DC3473B9C

At its meeting on June 22, 2015, the Board authorized pre-approval of an Offer to Lease an interim bus storage and maintenance facility at 8301 Keele Street. Given the environmental conditions of this property realized through the due diligence period, this lease was not pursued.

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2015/June-22/Reports/Concord_Lease.pdf?rev=16e361be94164750912406b51164001f&hash=56FA6C95DDE8BD5014C2EEAAA06466B4

At its meeting on September 28, 2015, the Board approved authorization to negotiate and enter into a lease for 21 Don Roadway to accommodate the increasing warehouse space requirement for the Materials and Procurement Department. This lease expires in June 2022 and replacement space is required.

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2015/September-28/Reports/Lease_of_Warehouse_Space_21_Don_Roadway.pdf?rev=b94433ff952c4ee390f292eb57d28a06&hash=2C91ABF4C9C605F2E86744B9DF6BE85A

At its meeting on November 30, 2016, the Board approved the purchase of 1810 Markham Road to expand the Malvern Garage Facilities.

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2016/November-30/Reports/10_Proposed_Acquisition_of_Property_for_TTC_Bus_Operations.pdf?rev=9df65434be8942c99c468d8640155a97&hash=36B235236B8C5D28CA3F7A48BF8D1B91

At its meeting on April 16, 2018, the Board approved the terms of a commercial transaction as the best option to enable redevelopment of the lands at Yonge-Eglinton. This results in the need to relocate the existing TTC industrial uses from this site.

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2018/April-16/1_Redevelopment_of_TTC_Lands_at_Yonge-Eglinton.pdf?rev=f586b76dcd0346818280f7aa12f2b3ea&hash=7705A03BE440B9630E0F16D00F4C9E50

At its meeting on July 10, 2018, the Board confirmed the need for a new 350-bus garage and required staff report back to the Board on a recommended site with the estimated purchase price. This report is making that recommendation.

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2018/July-10/Reports/4_New_TTC_Bus_Storage_and_Maintenance_Facility.pdf?rev=0f242427d3034f43a1d1b2c6c598102a&hash=6A170FA6D3739E483B73BE694AB3EC5B

On June 18, 2019, City Council endorsed the Master Plan for 1627 and 1675 Danforth Avenue and requested the Board of Directors of CreateTO, TTC and City to determine the preferred location for TTC administrative functions and make any necessary changes to the Master Plan if required. This results in the relocation of TTC industrial uses from this site.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX6.9>

On December 31, 2020 the fifth extension of the 40 Carl Hall Road lease expired. At its meeting on December 15, 2020, the Board approved that the City of Toronto, on behalf of TTC enter into a short-term lease for two years as further renewals would be unlikely due to the owner's redevelopment plans. After the expiry of this lease, replacement of this space is required.

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2020/December_15/Reports/4_40_Carl_Hall_Road_Industrial_Space_Lease.pdf?rev=712c775ead6845788aad67d8034ee481&hash=B3673FA8F15A8DD1F492641EBE933BAF

Issue Background

Requirement for Garage and Maintenance Facility (10th Garage)

The TTC currently operates nine garage and maintenance facilities located across the city of Toronto. The Lake Shore Wheel-Trans Facility, which was not included in previous garage facility numbers, is now considered to be part of the total number of

garage facilities in operation, bringing the total number of existing garage facilities to nine.

In late 2016, TTC purchased the property at 1810 Markham Road, a 1.97-acre parcel with an existing garage contiguous with TTC's Malvern garage. This new facility increased the garage capacity by 40 buses. In 2020, the new McNicoll bus garage, constructed with a design capacity of 250 buses, opened for service.

With rail expansion projects opening over the next several years, the purchase of articulated buses and new streetcars and new transit priority initiatives such as the one recently implemented Eglinton Avenue East, the shorter term need for growth in TTC's bus fleet can be accommodated through the reallocation of existing buses. These projects include Line 5 (Eglinton Crosstown LRT) and Line 6 (Finch West LRT). Consequently, the need for a new bus garage, previously identified for 2028 has been moved out to 2038.

TTC Ridership continues to return through the pandemic. While it is possible the pandemic has changed mid-term travel behaviour, its impact long-term remains unknown. Until data exists to understand a permanent change, it is prudent to plan long terms capital needs based on current high-level forecasts, and ensure capacity plans leave no customers behind.

Using the projected growth rate of 15 buses per year, this results in a fleet that will be approximately 15% (290 buses) over garage capacity by mid/late 2030s. Given this, there may be a risk for operational inefficiencies in both storage and maintenance of buses. However, the bus garage capacity projection does not reflect the potential impact of bus electrification (e.g. space required at existing garages for charging equipment, impact of on-route charging on garage storage requirements, etc.), nor does it consider the potential space optimization of existing garage facilities, (e.g. decked employee parking to free space for additional hoists and buses), with both of these factors currently under preliminary study by the TTC.

Notwithstanding the fact that there may be variability in the ridership demand into the late 2020s and facility capacity projections that require further study, it is reasonable to conclude that a 10th garage and maintenance facility will be required by the late 2030s and that property acquisition in anticipation of this future need is required. Large parcels of industrial land for these purposes are rarely available, particularly within city boundaries. In addition, substantial time is required to design, finance and a construct a new bus garage and maintenance facility.

The 10th garage and maintenance facility will be constructed to service and store only electric buses in anticipation of TTC's transition to a zero-emissions fleet, and will achieve LEED-accredited green building design.

The City does not have existing land within its portfolio to accommodate a 10th garage and maintenance facility.

Requirement for Industrial Space

TTC currently has industrial space in locations where leases will be expiring in the near future including 21 Don Roadway, 40 Carl Hall Road and 834 Caledonia Road. In addition, TTC also has industrial space on owned lands that are being redeveloped, in the near future including the Danforth Garage site which is being redeveloped as a Housing Now project and the former (old) Eglinton Garage being redeveloped by Oxford Properties. This represents over 350,000 sq. ft. of space that needs to be optimized and replaced affecting over nine departments within the TTC.

Replacement of this industrial space is required in the near future. The City has been unable to find replacement space within its existing portfolio.

Comments

City of Toronto, CreateTO and TTC staff have identified an industrial parcel for sale in the marketplace that is a suitable site for the 10th garage and maintenance facility in the future and could accommodate other TTC required uses in the interim. These interim uses can potentially be permanently accommodated within the new garage facility. A property of this size and location is a rare opportunity and staff is of the opinion that few, if any other opportunities will be available within the timeframe required for the 10th garage and maintenance facility, considering the time required to procure, obtain approvals, design and construct a new bus garage. The City does not have any suitable land within its existing portfolio to accommodate either a 10th garage and maintenance facility, or fulfill TTC's other immediate industrial space needs.

Additional information is provided in the Confidential Attachment 1 to this report.

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Signature

Gary Downie
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Attachments

Confidential Attachment 1

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