



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

Proposed Lease of Property for TTC Warehousing

Date:	July 12, 2017
To:	TTC Board
From:	Chief Executive Officer
Reason for Confidential Information:	This report is about a proposed or pending acquisition or disposition of land for municipal or local board purposes.

Summary

The purpose of this report is to seek Board approval to negotiate an Offer to Lease for warehouse space. TTC has warehouse space in four locations, of which two are leased with expiry dates in the near future. Both of these properties have been identified for future redevelopment and lease extensions are not likely.

Recommendation

It is recommended that the Board:

1. Approve the confidential recommendations contained in Attachment 1 to this report.

Financial Summary

There are sufficient funds in TTC's Operating Budget to cover the costs of the existing leases until their expiry date. The cost of a new lease has not been established. When negotiations are complete, the Offer to Lease will be brought to the Board identifying the annual budget requirement.

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

Accessibility/Equity Matters

Accessibility/Equity Matters will be addressed as part of the lease negotiations and build out of the space.

Barrier free access to the office and warehouse space will be provided from the street to staff washrooms, lockers, and amenities and offices by means of doors located on the ground floor of the building.

Decision History

At the Board Meeting of July 29, 2015, a Warehouse Needs Analysis presentation was received.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2015/July 29/Reports/Warehouse Needs Analysis.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2015/July%2029/Reports/Warehouse%20Needs%20Analysis.pdf)

Issue Background

The Toronto Transit Commission (TTC) currently has approximately 460,000 square feet of warehouse space under operation out of four locations: Duncan Shops, Greenwood Yard, 40 Carl Hall Road and 21 Don Roadway. Approximately 359,000 square feet or 78% is leased space located at 40 Carl Hall Road, which is located in Parc Downsview Park, and 21 Don Roadway, which is located within the Unilever lands at the base of the Don Valley Parkway.

At the July 29, 2015 Meeting of the Board, a Warehouse Needs Analysis presentation was received. In this presentation staff reported that the number of pieces of inventory issued had increased by 20% between 2009 and 2015 resulting in a need for increased warehouse space. Additional new material storage requirements include ATC signal equipment and spare parts for new subway trains, buses, and streetcars. A recent consultant review of TTC warehousing options indicates TTC now requires a total of approximately 629,000 square feet of warehousing to efficiently meet current requirements, which is an increase of 169,000 square feet over the existing.

The leases for TTC's two central warehouses located at 21 Don Roadway and 40 Carl Hall Road will expire in the near future. Both of these properties have been identified for future redevelopment and lease extensions options are not likely. In anticipation of the leases expiring, TTC requires alternative warehouse space.

Given the limited availability of warehouse space in the City of Toronto, locating a suitable facility, negotiating a lease, and preparing a warehouse for use can take 12 to 18 months. TTC retained Colliers International Inc. (Colliers) to advise it on the options available to meet the operational need for approximately 629,000 square feet of warehouse space. Colliers has informed TTC that properties of that size come to market

infrequently, approximately once every five years, in Toronto. Colliers' search was based on proximity of suitably sized properties available for sale or lease to two primary locations: the intersection of Highway 400 and Highway 401; and the intersection of Don Valley Parkway and Highway 401. The assessment concluded that the preferred location for a warehouse is within the City of Toronto where development costs are lowest and where proximity would result in the lowest internal distribution cost for the TTC.

Following the Warehouse Needs Analysis presentation to the Board in 2015, TTC has retained Mitchel Rothesay Consulting to undertake a detailed analysis of TTC's current warehousing model. This work is underway and a Board Report for the warehouse strategy will be forthcoming.

Comments

Should the Board authorize staff to negotiate an Offer to Lease, an agreement will be brought back to the Board for its approval later in 2017.

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Attachment

Attachment 1 – Confidential

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