



**Grand Trunk Railway  
(GTR) Shops**

# DEVELOPMENT OPTIONS



**Demolish the Building and Sell the Site**



# WHAT ARE THE OPTIONS?

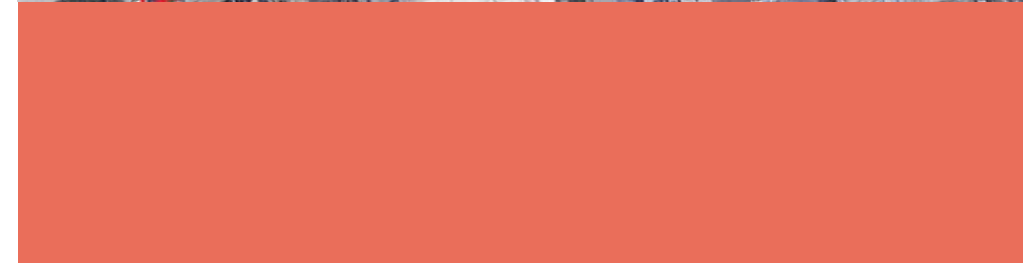
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## DEMOLISH THE BUILDING AND SELL THE SITE

This is a recent demolition project for the one-storey, steel-framed, steel-clad, five-inch concrete floor, four-foot frost wall, 136,500 SF warehouse building. The average tender price was \$28 PSF, the low was \$16 PSF, and the high was \$41 PSF.

The 165,000 SF GTR Building has other features that will increase this cost such as higher bays, heavier steel structure, thicker floor, deeper foundation, as well as reinforced concrete walls, 25,000 SF reinforced concrete mezzanine.

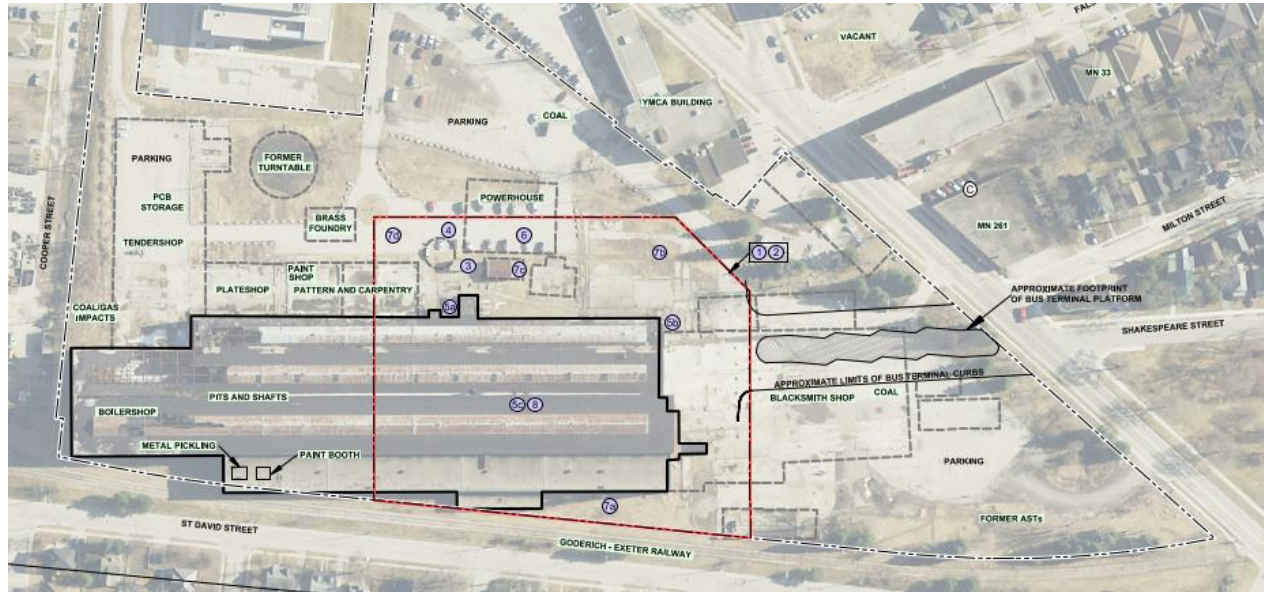
To estimate the cost of demolition, consider the mezzanine as another building . With a total area of 190,000 SF at \$28 PSF, the cost would be \$5.32 million. **A high -level estimate to demolish the GTR Building \$2.1 million. The average cost of demolition, \$3.7 million rounded up to \$4 million.**





# THE DEVELOPMENT OPTIONS: DEMOLISH THE BUILDING AND SELL THE SITE

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## Site Remediation Cost

On October 28, 2022 the City was issued a Certificate of Property Use for the east portion of the site as noted with the red border.

This RSC was filed to allow redevelopment within these bounds for institutional uses. The RSC was completed using risk assessment with RMM requirements on the property for redevelopment within the red box.

RSC work is still required on the western portions of the lands to redevelop them into residential and institutional uses.

The cost for site remediation is **UNKNOWN**.

Within an existing building, only the contaminated soil removed needs to be managed, and soil vapour is vented to the exterior, provided RMMs are in place.

## Definitions

CPU - Certificate of Property Use

MECP - Ministry of the Environment, Conservation and Parks

RMM - Risk Management Measures

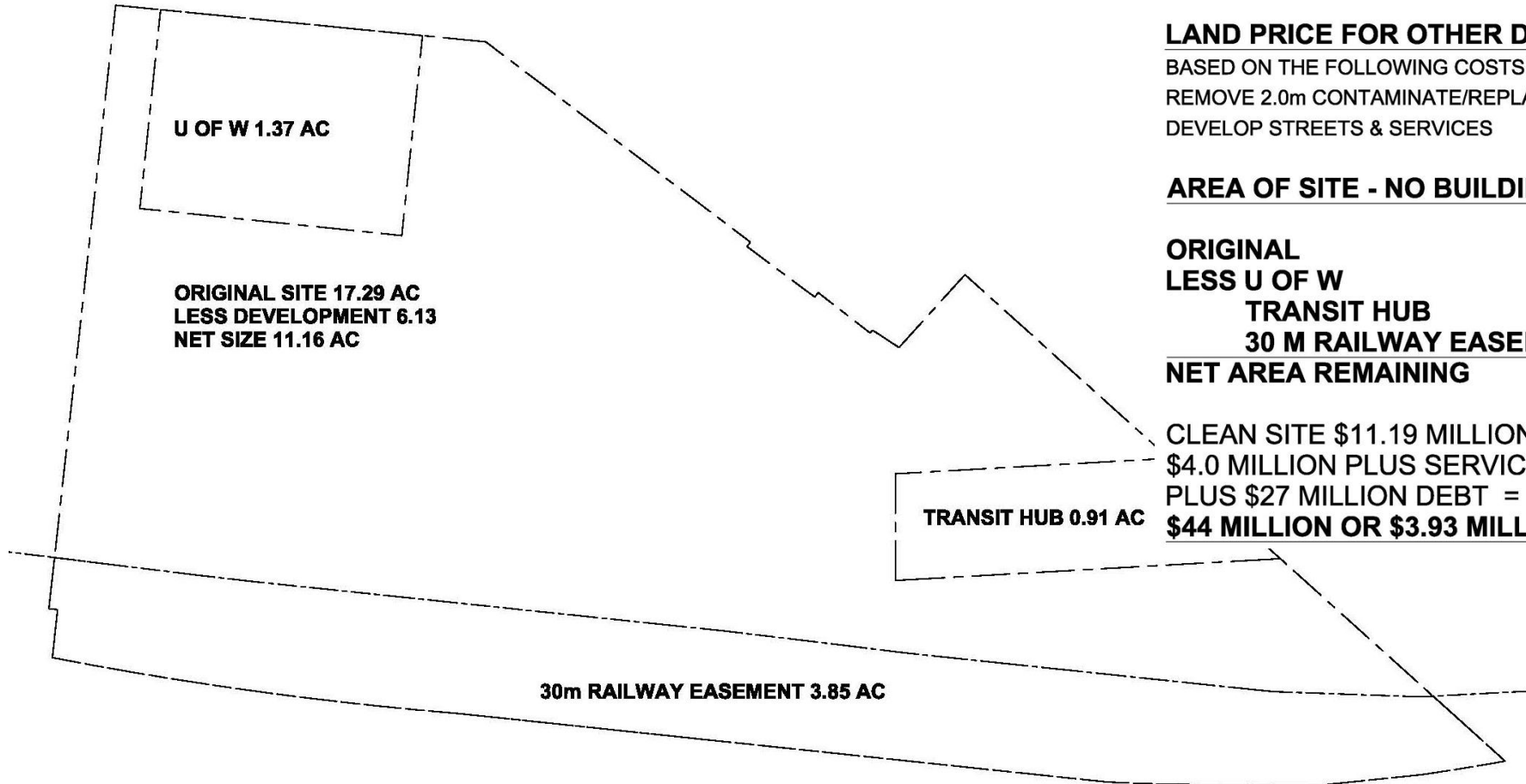
RSC – Record of Site Condition





# THE DEVELOPMENT OPTIONS: DEMOLISH THE BUILDING AND SELL THE SITE

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## LAND PRICE FOR OTHER DEVELOPMENTS ON SITE

BASED ON THE FOLLOWING COSTS

REMOVE 2.0m CONTAMINATE/REPLACE W/ CLEAN SOIL	\$1,000,000/AC
DEVELOP STREETS & SERVICES	\$100,000/AC

## AREA OF SITE - NO BUILDING

ORIGINAL	17.29 AC
LESS U OF W	1.34 AC
TRANSIT HUB	0.91 AC
30 M RAILWAY EASEMENT	3.85 AC
<b>NET AREA REMAINING</b>	<b>11.19 AC</b>

CLEAN SITE \$11.19 MILLION PLUS DEMOLISH BUILDING  
\$4.0 MILLION PLUS SERVICES 1.1 MILLION  
PLUS \$27 MILLION DEBT =  
**\$44 MILLION OR \$3.93 MILLION / AC**





# THE DEVELOPMENT OPTIONS: DEMOLISH THE BUILDING AND SELL THE SITE

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## The GTR Building

Cost to demolish \$4 million

## The GTR Site

17.29 acres  
contaminated soil  
2.28 acres remediated for the development  
of the university campus and the transit hub  
0 acres existing building  
3.85 acres railway easement  
11.16 acres net area without building  
Cost to remediate to develop at  
\$1million/acre ≈ \$12 million

## The City Debt

Increased. \$27 million + \$4 million + \$12  
million = \$43 million or \$3.7 million per acre

## Comparable

Scotiabank Data Centre - 10 acres,  
100,000sf building, 420 parking spaces  
\$14 million or \$1.4 million per acre

**Sale price of \$43 million or \$3.7 million per acre is  
not marketable. This option is NOT FEASIBLE.**





# THE DEVELOPMENT OPTIONS: DEMOLISH THE BUILDING AND SELL THE SITE

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- a. Uncertainty about what cost would make it attractive to a developer.**
  - i. Can the City sell it as is, land, building, and parking, with no added cost?
  - ii. Demolish the building at the City's cost (\$4 million in cost, including scrap steel)?
  - iii. Remediate the site at the City's cost (\$4 plus \$12 Million)?
  - iv. What about the \$27 million that the City has spent on it?
  - v. Waive the cost for demolition, remediation, and the tax dollars the City has spent?
  
- b. Uncertainty about what cost would make it attractive to the taxpayer.**
  - i. Get half of it to reduce our losses?
  - ii. Recover the full \$27 million, demolition and remediation costs, as we do not want a developer to profit on our tax dollars?
  
- c. Uncertainty about what happens if the property is sold.**
  - i. Where does that leave the City with respect to parking?
  - ii. Will the site be developed in a timely manner?
  - iii. Will parking still be available for theatre patrons or downtown businesses?
  - ii. Will the site be fenced off with no access to parking?
  - iii. Will the developer leave it as is and charge for parking like vacant land in Toronto to cover their cost until there is a development market?





# THE DEVELOPMENT OPTIONS: DEMOLISH THE BUILDING AND SELL THE SITE

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- d. Uncertainty about the conditions of the expropriation if it is sold?
  - i. It was expropriated to be used by the university and for community use.
  - ii. If the land is developed for housing, does this comply with the conditions of the expropriation if it is not public housing?
  - iii. If a developer builds for public use, then the public is paying the developer's profit.
- e. To put it in perspective
  - i. It could cost the City \$43 million to cover the costs to date, the building demolition and remediation of the 11.16 acre GTR Site or \$3.85 million per acre.
  - ii. For just under \$1.5 million the City sold the former Fairgrounds in 2018 to a developer for just under \$1.5 million or \$136,360 per acre.

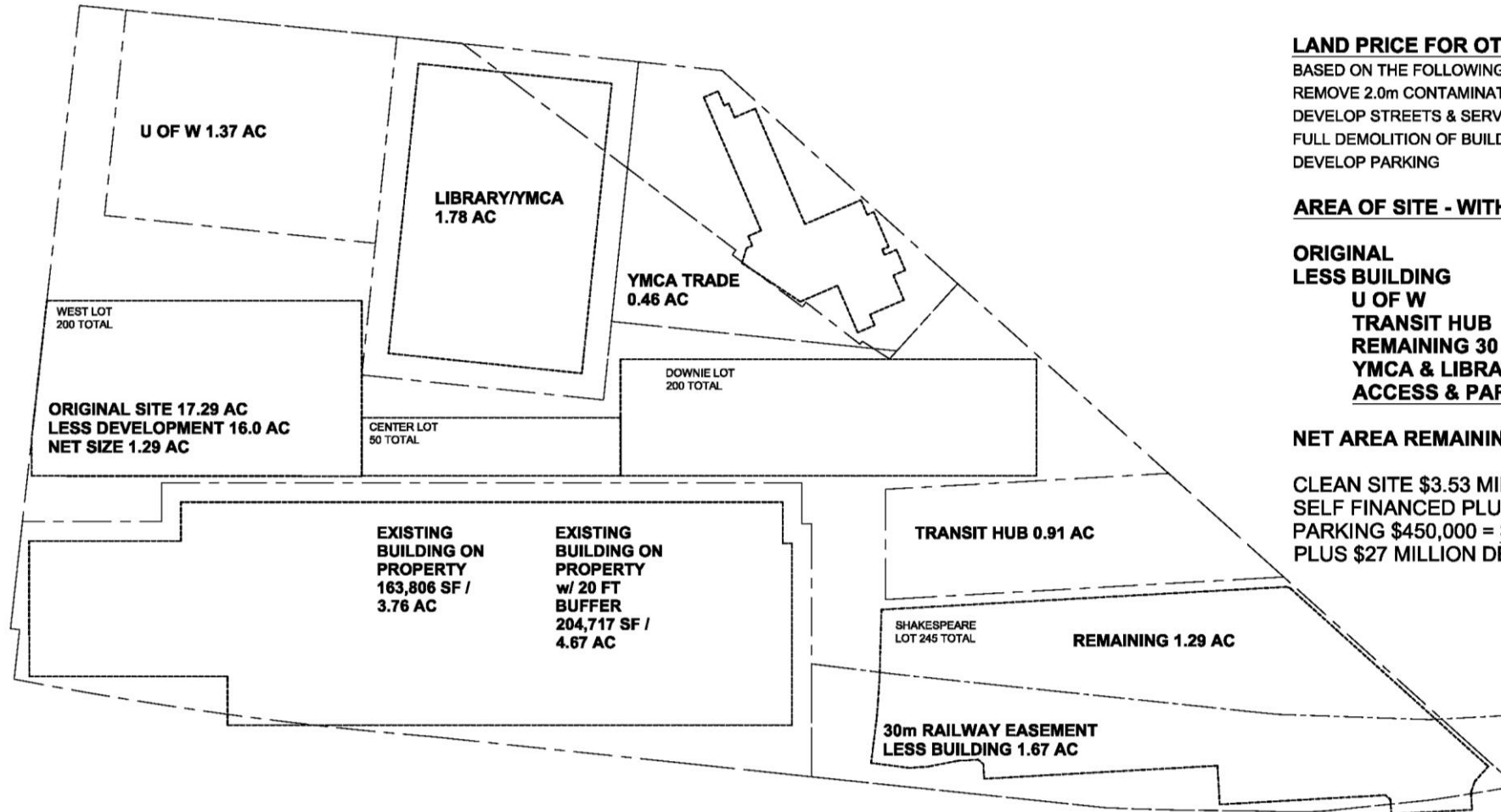
**Will the taxpayer accept the option to waive the costs in the site and sell it for a nonmenial sum as a contaminated site to a developer for housing or commercial uses to generate some tax income?**





# THE DEVELOPMENT OPTIONS: BUILDING REMAINS w/ NEW YMCA/LIBRARY

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### LAND PRICE FOR OTHER DEVELOPMENTS ON SITE

BASED ON THE FOLLOWING COSTS

REMOVE 2.0m CONTAMINATE/REPLACE W/ CLEAN SOIL	\$1,000,000/AC
DEVELOP STREETS & SERVICES	\$100,000/AC
FULL DEMOLITION OF BUILDING	\$4,000,000
DEVELOP PARKING	\$1,000/SPACE

### AREA OF SITE - WITH BUILDING

ORIGINAL	17.29 AC
LESS BUILDING	4.67 AC
U OF W	1.37 AC
TRANSIT HUB	0.91 AC
REMAINING 30 M RAILWAY EASEMENT	1.67 AC
YMCA & LIBRARY, YMCA TRADE	2.24 AC
ACCESS & PARKING 450 SPACE LOT	5.14 AC

**NET AREA REMAINING 1.29 AC**

CLEAN SITE \$3.53 MILLION PLUS BUILDING UPGRADES  
SELF FINANCED PLUS SITE SERVICES \$129,000 PLUS  
PARKING \$450,000 = **\$4.11 MILLION OR \$3.19 M/AC**  
PLUS \$27 MILLION DEBT = **\$31.11 MILLION - \$24.12 M/AC**

PARKING SPACES	
TOTAL AVAILABLE	695
YMCA & LIBRARY	300
USED DAILY	300
TOTAL REQUIRED	600
NET SURPLUS	95
LOST AREA REMAINING	245
NET REMAINING	450
SHORTFALL	150





# THE DEVELOPMENT OPTIONS: BUILDING REMAINS w/ NEW YMCA/LIBRARY

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- a. **Parking capacity with the New YMCA/Library developed between the University and the existing YMCA.**
  - i. To square up the site a land trade is required with the existing YMCA.
  - ii. The **cost to remediate** these lands is **\$2.24 million**.
  - iii. **Parking required** - New YMCA/Library parking 300, parking used daily 300 - **Total 600 spaces**.
  - iv. If there are no further developments or under building parking there are 695 spaces available on the site.
  - v. This **includes Shakespeare Lot with 245 spaces** the land at the southeast corner.
  - vi. This land less the rail corridor is 1.29 acres with parking for the proposed development in the corridor.
  - vii. If this **land is developed 450 spaces remain, 150 spaces short** of the 600 required.
  
- b. **Parking capacity with the New YMCA/Library developed within the GTR Building with the Aquatic Centre Addition.**
  - i. **Parking on site** - 707 spaces plus 292 within the building - **Total 999**.
  - ii. **Parking required** - Proposed Plan - YMCA, Library, Daycare 300 same as new, Clinic 70, Theatre 100, Restaurant 45, Event Space 55, CNR Locomotive 6218 Museum 35, Apartment Visitors 13, parking used daily 300 - **Total 992** with a **Surplus of 7 spaces**.

The proposal provides **39,200 sf (3,640 sm) of space for tenants** who expressed an interest at Ad-hoc about being **in the GTR Building** with the YMCA and Library to truly make it a community hub. These tenants are third party, independent, profit or not for profit entities that are not totally financed by the City. They will finance their own capital and operating cost to be within the building and their development within the building **will not affect the tax levy**.





# THE DEVELOPMENT OPTIONS: UPGRADE THE EXISTING YMCA OR PLACE IT INTO THE GTR

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The city development consultant recommends adding a pool and a change room to upgrade the existing YMCA, along with a new 40,000 SF Library.

- i. The cost for site remediation for the pool and change room addition is an optimistic \$1.2 million, the same as being located at and with change rooms constructed inside the GTR.
- ii. The cost for the addition is similar to the Wilmot Pool at \$21 million, the same as being located at the GTR.
- iii. The cost to refurbish the existing YMCA building for this is the same as tenant improvements at the GTR.
- iv. The cost for site remediation for the Library addition is an optimistic \$1.2 million, not required but used to construct the area inside the GTR.
- v. The cost to build the Library addition would be less if constructed inside GTR.

It is **THE SAME COST** to add a pool and change rooms and refurbish the existing YMCA, along with a new 40,000 SF Library, as it is **to DEVELOP at and inside the GTR.**





# THE DEVELOPMENT OPTIONS: DEMOLISH THE BUILDING AND SELL THE SITE

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The City purchased this site as a developer speculator, using the Parking Fund, for a parking lot, with the intention of selling the building portion, which they did, indirectly, to Lawrence Ryan.

The City developed the land for parking but did not charge for parking to amortize the costs of acquiring, developing, and maintaining it, which were likely covered by the Parking Fund. The vacant building was generating some property tax income. The City expropriated it for university and community uses. The parcels severed off were developed for civic and university uses that did not generate property taxes. Technically, reasons for expropriation restrict the land to only civic or university uses.

With the building demolished and the soil remediated, the City will have spent \$43 million without any financial return. Because the expropriation rules restrict land development to civic and university uses, and the property's high cost makes it unmarketable to private interests. **We lost.**

## The City now has two choices:

Sell it at a loss and have taxpayers bear most of the \$43 million. If that happens, then the Mayor and Council must take responsibility for it.

## OR

The City develops it into a Community Complex, as it developed the Recreational Complex, that has a land area and building footprint similar to the GTR Shops.

