TORONTO LANDS CORPORATION

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A subsidiary corporation of the TDSB

May 26, 2021

Transmittal No. 2021 – 111
(Public)

To: Alexander Brown, Chair, Toronto District School Board (TDSB)

This communication is to inform you of a recent decision made by the TLC Board at its meeting of May 25, 2021 with respect to the report*, 2021-22 TLC Budget,* attached herein.

The TLC Board decided that:

1. The 2021-22 TLC Budget be approved: and,

2. The 2021-2022 TLC Budget be forwarded to the TDSB Board for approval at its June 30, 2021 meeting.

On behalf of the Board of Directors of the Toronto Lands Corporation, approval of the report is requested.

Sincerely,

Brenda Patterson
Chair, TLC

cc. D. Sage, Executive Officer, TLC
cc. C. Snider, Associate Director, Business Operations and Service Excellence, TDSB

TORONTO LANDS CORPORATION
2021-22 Budget

To: **Chair and Members of the Audit and Finance Committee**

Date: 20 May 2021

Recommendation:

1) That the Audit and Finance Committee approve the 2021-2022 TLC Budget and that it be forwarded to the TLC Board at its May 25, 2021 meeting for approval; and,
2) That the 2021-2022 TLC Budget, as approved by the TLC Board be presented to the TDSB Board for approval at its June 30th, 2021 meeting.

Rationale

TLC's Strategic Budget Development:

As all levels of government struggle from the pandemic's mounting financial burden, opportunities that provide TDSB with the ability to fund its capital program without additional financial demands on the Province has guided the development of TLC's 2021-2022 Annual Plan and supporting 2021-22Budget.

Over the course of 2020-2021, the TLC Team developed an approach to the modernization strategy defined through 5 areas of focus: *Non-Instructional Sites, Data Driven Criteria, TDSB's Approved 3 Year Capital Plan, Partnerships and Land Value Capture*. Furthering TLC's strategic initiatives, the 2021-22 budget supports operational needs and the delivery of the outcomes identified within the Annual Plan.

Context

In alignment with year 2 of the modernization strategy, the 2021-22 budget was developed to support operations and to advance the expected Annual Plan outcomes in the following areas:

- Undertake land use planning and real-estate analysis that will result in opportunities to modernize schools, improve classroom environments, and reduce deferred maintenance
- Providing an assessment of value of TDSB's Administrative sites
- Seeking Provincial, City and other public and private partners to integrate services on school board lands that maximizes the value of public assets
- Connecting and building community and partner relationships
- Strengthening TLC systems, structures, and people & culture

TLC's Operational Budget Development:

TLC manages all TDSB real-estate and land use planning matters. This breath of work includes more than 700 lease and access agreements, millions of dollars in real-estate transaction, addressing hundreds of City Planning development applications impacting student accommodation across TDSB, participation in tribunals and Planning hearing and taking all actions necessary to protect TDSB's land interest.

TLC's 2021-2022 Budget is broken down by the revenues generated through the leasing and licensing of TDSB property. The two primary areas of revenue generation are the "Non-Instructional" properties and leases for space or access to "Operating School's and Sites". The costs associated with revenue generation has been budgeted relying on best estimates including a primary assumption that TDSB facilities will be open and remain in full operation throughout 2021-2022.
Site sales have been budgeted at $0 as TLC has now transacted all outstanding site dispositions. TLC's modernization strategy as presented in the 2021-2022 Annual Plan provides for several opportunities to be brought forward to TDSB requiring capital planning decision making. As decisions are made throughout 2021-2022, estimates of site proceeds will be made along with timing of receipt based on the legislative requirements that govern capital transactions.

2021-2022 Budget – Key Indicators

TLC's Non-Instructional Sites:		
Revenue	13% net increase	$622K
Expenditures	26% net decrease	$686K
TLC's School Operating Sites:		
Revenue	1% net increase	$82K
Expenditures	5% net increase	$923K
Total Non-Inst &Operating Sites:	20% net decrease	$468K
TLC's Administrative Overhead:		
Expenditures	2% decrease	$107K
TLC's Total Operational Budget:	0.5% increase	$135K

Highlights of TLC's 2021-2022 Budget:

With regard to City of Toronto Childcare Umbrella Lease, the longstanding contractual arrangement between the City and school board requires the City of Toronto to contribute $6.50 per square foot towards TDSB's estimated current costs of operating. TDSB's 2021-2022 average cost of operating is $14.02 creating a $5.5M carrying cost to TDSB in 202-2022.

Legal Fees reduced by 22% ($175K):

1. TLC has sought out the opportunity to contract with an independent experienced solicitor to assist and support real estate and leasing reducing reliance on external legal vendors of record. Confirmation and commitment from the independent solicitor will continue for the 2021-2022.
2. Land Use Planning has been successful in negotiating with development community thereby reducing expected LPAT Hearings which are very costly to participate in.

Fees and Contractual Services reduced by 9% ($119K):

1. Professional External Services support: (1) business operations (2) the administrative site review (3) the non-instructional site review and (4) modernization opportunities that arose in 2020-21. Professional Fees can include, but not limited to:
    - Appraisals
    - Planning Studies
    - Official Plan Review
    - Zoning Planning Studies
    - Real Estate Brokerage Environmental Site Assessments

- Building Condition Assessments
- Demographic Studies
- Traffic Studies
- Heritage Impact Statements
- Surveys and related Plans (O.L.S)
- Shadow Impacts
- Title Opinions
- Development Pro-Forma

TLC has been able to begin work on the modernization strategy thus has reduced expense estimates for 2021-2022 by $119K.

- Casual Help – TLC has experienced the benefit of accessing post secondary student co-op programs as a cost-effective strategy to seek temporary but motivated team members. Internship programs offer students the chance to apply their knowledge on a professional level and gain hands-on experience to succeed in their developing careers. The continuation to secure this temporary employment pool in 2021-2022 is $48K.

TLC's overall 2021-2022 Budget has been increased by 0.5% or $135K.

Appendices:

- Appendix A: TLC 2021-22 Budget

Reference Documents:

- 2021-22 TLC Annual Plan – approved by the P&P Committee on May 11, 2021

Routing:

TLC Board: May 20, 2021

From:

Daryl Sage, Chief Executive Officer, Toronto Lands Corporation, at dsage.tlc@tdsb.on.ca or at 416-393-0575.

APPENDIX A: TLC 2021-22 BUDGET

	Approved 2020-21 Budget		2021-22 Budget	
Non-Operating School Facilities	**Revenues**	**Expenditures**	**Revenues**	**Expenditures**
Lease Revenue and Recoveries	$ 5,536,000	$ 2,600,000	$ 6,308,154	$ 1,913,678
Other Revenue - Land Use Planning/705 Progress (Consolidated into Ln1 2021-22)	$ 150,000		$ -	$ -
TDSB Program and Administration	$ 53,000		$ 53,000	
Deferred Capital Improvement Revenue	-$ 1,000,000		-$ 1,000,000	
Provision for Rental Arrears		$ 5,000		$ 5,000
Total Net Real Estate Revenue/Expense - Non-Operating Sites	**$ 4,739,000**	**$ 2,605,000**	**$ 5,361,154**	**$ 1,918,678**
Operating School Facilities				
City of Toronto Childcare Umbrella Lease Agreements	$ 4,500,000	$ 9,200,000	$ 4,476,674	$ 10,017,556
City of Toronto Pools Agreements	$ 5,629,413	$ 5,629,413	$ 5,798,295	$ 5,798,295
City of Toronto Stage 1 Revenues	$ 1,100,000	$ 1,100,000	$ 1,100,000	$ 1,100,000
City of Toronto Exclusive Use Agreements	$ 970,632	$ 970,632	$ 970,632	$ 970,632
Contract Services and Partnership Development (CSPD) and LINC Lease Administration	$ 240,482	$ 240,482	$ 240,482	$ 240,482
Air Conditioning Surcharge	$ 28,100	$ 28,100	$ 20,000	$ 20,000
Child Care and Other Agreements	$ 3,105,592	$ 3,105,592	$ 3,050,000	$ 3,050,000
Temporary Property Interests with Third Parties	$ 250,000	$ -	$ 250,000	$ -
Total Real Estate Revenue/Expense-Operating Sites	**$ 15,824,218**	**$ 20,274,218**	**$ 15,906,082**	**$ 21,196,965**
Total Non-Operating and Operating	**$ 20,563,218**	**$ 22,879,218**	**$ 21,267,237**	**$ 23,115,643**
TDSB Chargeback of Administrative Expenses				
Facility Services		$ 140,000		$ 145,000
Business Services		$ 100,000		$ 100,000
Administrative Support Allocation		$ 60,000		$ 60,000
Total TDSB Chargeback		**$ 300,000**		**$ 305,000**
TLC Administrative Expenses				
Board Remuneration		$ 70,000		$ 60,000
Management Salaries		$ 2,958,763		$ 3,056,736
Professional Development		$ 3,500		$ 16,733
Supply and Services		$ 51,000		$ 85,604
Rental expenses: TLC office		$ 118,621		$ 130,000
Legal Fees		$ 800,000		$ 625,000
Fees and Contractual Services		$ 1,335,000		$ 1,215,950
Casual Help		$ 10,000		$ 48,000
Furniture and Equipment		$ 5,000		$ 7,000
Other expenditures		$ 5,000		$ 5,000
Total TLC Administration Expenses		**$ 5,356,884**		**$ 5,250,023**
Total TLC 2020-2021 Operations	**$ 20,563,218**	**$ 28,536,102**		**$ 28,670,666**
Property Sales	**$ 27,000,000**		**$ -**	

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