

Lease Renewals - 705 Progress Avenue

Date:	August 16, 2007
To:	Government Management Committee
From:	Chief Corporate Officer, Director of Real Estate, Facilities and Real Estate Division
Wards:	Ward No. 38 – Scarborough Centre
Reference Number:	P:\2007\Internal Services\F&re\Gm07086 – (AFS 5575)

SUMMARY

The purpose of this Report is to obtain Council’s authority to renew four (4) existing leases for 705 Progress Avenue:

- Unit No. 1 with Tri-Ed Ltd. for approximately 2,032 sq. ft. of industrial/office space;
- Unit No. 11 & 12 with 938770 Ontario Limited o/a Lakeland Express for approximately 4,048 sq. ft. of industrial/office space;
- Unit No. 55 with Avon Fluid System Technologies Inc. for approximately 2,534 sq. ft. of industrial/office space; and,
- Unit No. 102 & 103 with NEL Group for approximately 1,973 sq. ft. of industrial/office space.

RECOMMENDATIONS

The Chief Corporate Officer recommends that Council authorize:

1. The renewal of the existing lease for 705 Progress Avenue for Unit No. 1 with Tri-Ed Ltd. for a one (1) year term commencing on March 1, 2007 based substantially on the terms and conditions as set out in the attached Appendix “A” and in a form acceptable to the City Solicitor;

2. The renewal of the existing lease for 705 Progress Avenue for Unit Nos.11 & 12 with 938770 Ontario Limited o/a Lakeland Express for a three (3) year term commencing on July 1, 2007 based substantially on the terms and conditions as set out in the attached Appendix “B” and in a form acceptable to the City Solicitor;
3. The renewal of the existing lease for 705 Progress Avenue for Unit No. 55 with Avon Fluid System Technologies for a three (3) year term commencing on August 1, 2007 based substantially on the terms and conditions as set out in the attached Appendix “C” and in a form acceptable to the City Solicitor;
4. The renewal of the existing lease for 705 Progress Avenue for Unit Nos. 102 & 103 with NEL Group for a three (3) year term commencing on February 1, 2007 based substantially on the terms and conditions as set out in the attached Appendix “D” and in a form acceptable to the City Solicitor; and,
5. the Chief Corporate Officer to administer and manage the subject lease agreements including the provision of any consents, approvals, notices and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.

Financial Impact

The total revenue from all leases is estimated to be \$141,757.25, net of GST, as follows:

Unit No.	Size (s.f.)	Term	Commencement Date of Lease	Rental Rate (p.s.f.)	Annual Revenue	Total Revenue Over Term of Lease
1	2,032	1 yr.	March 1, 2007	\$4.75	\$9,652.00	\$9,652.00
11 & 12	4,048	3 yrs.	July 1, 2007	\$4.75	\$19,228.00	
			July 1, 2008	\$5.00	\$20,240.00	
			July 1, 2009	\$5.00	\$20,240.00	\$59,708.00
102 & 103	1,973	3 yrs.	February 1, 2007	\$5.75	\$11,344.75	
			February 1, 2008	\$6.00	\$11,838.00	
			February 1, 2009	\$6.00	\$11,838.00	\$35,020.75
55	2,534	3 yrs.	August 1, 2007	\$4.75	\$12,036.50	
			August 1, 2008	\$5.00	\$12,670.00	
			August 1, 2009	\$5.00	\$12,670.00	\$37,376.50
					Total	\$141,757.25

Tenants are responsible for their share of reality taxes, building insurance and maintenance, as well as all other occupancy costs, including water, gas, hydro, heating and air conditioning.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

705 Progress Avenue is an industrial mall type of property consisting of about 151,000 square feet acquired in August 1996 by the former City of Scarborough in partnership with the former Scarborough Board of Education. Pending development of the property as a future park and a school facility, the facility is leased on a unit by unit basis to various tenants. The day-to-operation of the property was assigned to Pailliser Realty Advisors Inc. under a management agreement with the City. At this time there are no plans to carry out the intended uses by the City and the Board for the property

ISSUE BACKGROUND

The following summarizes the current tenant and proposed term in the respective units:

Unit	Tenant Name	Type of Business	Previous Term	Proposed Term
1	Tri-Ed Ltd.	General office/warehouse	Since March 1, 1998	March 1, 2007 to February 29, 2008
11 & 12	938770 Ontario Limited o/a Lakeland Express	Office/Storage	Since July 1, 2004	July 1, 2007 to June 30, 2010
55	Fluid System Technologies Inc.	Storage	Since August 1, 1999	August 1, 2007 to July 31, 2010
102 & 103	NEL Group	Engineering business	Since February 1, 1998	February 1, 2007 to January 31, 2010

COMMENTS

Pailliser Realty Advisors Inc. have concluded negotiations with the tenants on record for the subject property. Rental rates are established on the basis of competitive market rates for the property and location and use of the property. All leases have an option in favour of the City to terminate the lease with six months' notice.

CONTACT

Joe Casali
Director, Real Estate Services
Tel: (416) 392-7202
Fax: (416) 392-1880
jcasali@toronto.ca

Chuck Donohue, P. Eng.
Executive Director, Facilities & Real Estate
(416) 397-5151
(416) 392-4828
cdonohue@toronto.ca

SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix "A", "B", "C" and "D"
Appendix "E" Location Map