



**STAFF REPORT  
ACTION REQUIRED**

**Leasing 45 Sheppard Avenue East – Second Floor  
Premises, 4,462 sq.ft. of rentable area for Social  
Services Family Support Program**

<b>Date:</b>	August 29, 2007
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer, Director of Real Estate, Facilities and Real Estate Division
<b>Wards:</b>	Ward No. 23- Willowdale
<b>Reference Number:</b>	P:\2007\Internal Services\F&re\ Gm07094F&re – (AFS 6033)

**SUMMARY**

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The purpose of this Report is to obtain Council’s authority to enter into a new lease agreement for Social Services Family Support Program for the premises at 45 Sheppard Avenue East, for a portion of the 2<sup>nd</sup> floor, having a rentable area of approximately 4,462 sq.ft., for a term of five (5) years commencing October 1, 2007.

The proposed lease would be substantially on the terms and conditions outlined in Appendix “A” to this Report.

**RECOMMENDATIONS**

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**The Chief Corporate Officer recommends that:**

1. Council authorize the new lease for the premises at 45 Sheppard Avenue East, on the second floor, with Crown Property Management (the “Landlord”) consisting an area of approximately 4,462 sq.ft., at a basic rental rate for the term of \$15.00 per sq.ft., commencing on October 1, 2007 and expiring on September 30, 2012 with an option to renew for a further five (5) year term, and based substantially on the terms and conditions as set out in the attached Appendix “A” and in a form acceptable to the City Solicitor; and

2. the Chief Corporate Officer be authorized to administer and manage the lease agreement 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 expenditure for the five (5) year term of the lease, commencing October 1, 2007, is estimated to be approximately \$800,000.00 plus G.S.T.

Funding for 2007, including basic rental rate, additional rent, and parking, is estimated to be in the amount of approximately \$22,032.00, plus G.S.T. and it is available in the 2007 Operating Budget for Social Services. There will be no impact on the cost containment measures proposed by Social Services.

Funding requirements for 2008-2012 will be included in the respective year's Social Services Budget Submission and accommodated within approved operating budget targets.

Particulars	Year 1 10/01/07- 09/31/08	Year 2 10/01/08- 09/31/09	Year 3 10/01/09- 09/31/10	Year 4 10/01/10- 09/31/11	Year 5 10/01/11 09/31/12	5-Year Estimated Total
Base Rent per sq.ft. 4,462 sq.ft. @ \$15/sf 6-mos net rent-free	\$33,465	\$66,930	\$66,930	\$66,930	\$66,930	<b>\$301,185</b>
Additional Rent/sq.ft. - estimated for 2007 & adjusted by 5% annually	\$11.41 \$50,911	\$11.98 \$53,457	\$12.58 \$56,130	\$13.21 \$58,936	\$13.87 \$61,883	<b>\$281,317</b>
Utilities/sq.ft. - estimated for 2007 & adjusted by 5% annually	\$2.00 \$8,924	\$2.10 9,370	\$2.20 \$9,839	\$2.31 \$10,331	\$2.43 \$10,847	<b>\$49,311</b>
Parking 15 spaces including PST & adjusted by 5%	\$120.41 \$23,408	\$126.43 \$24,580	\$132.75 \$25,807	\$139.39 \$27,097	\$146.36 \$28,841	<b>\$129,733</b>
Total:	\$123,326	\$161,286	\$166,003	\$170,955	\$176,545	<b>\$798,115</b>

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

## **DECISION HISTORY**

Due to the need for City staff to be located in close proximity to the Willowdale Court location, Real Estate staff negotiated a lease with the Landlord in 2005 for a term of two and a half years, commencing April 1, 2005 to September 30, 2007, for space on the second floor of 45 Sheppard Ave. E. Approval for the initial lease was obtained through Delegated Approval Form No. 2005-025.

## **ISSUE BACKGROUND**

The City of Toronto's Family Support Program is a mandated program under Ontario Works Legislation to assist Ontario Works recipients in the pursuit of financial resources for which they may be entitled under Ontario Family Law and the Child Support Guidelines. City staff work out of the Ontario Court of Justice to assist the program and clients in the pursuit of child and spousal support. At the Willowdale Court location, situated at 47 Sheppard Ave. E., the Ministry of the Attorney General (the "MAG") provided space for City staff until March 2005. As a result of restructuring, MAG required the City space for its own purposes. Thus, a new location was required to accommodate City staff.

Available space was found at 45 Sheppard Avenue East and this, according to Family Support Program staff, was the optimal location due to its close proximity to 47 Sheppard Ave. as the Family Support Workers assist in the completion of court documents and speak on behalf of clients in the pursuit of support orders under the mandated program. This entails reviewing the MAG's records and court documents in order to prepare cases for presentation to the courts. The courts do not allow documents to be removed from this location. Due to the confidential nature of their work, they must ensure that their high quality and strict standards are not jeopardized.

## **COMMENTS**

Subject to Council's approval, a new lease will be entered into with the Landlord for the premises at 45 Sheppard Avenue East, on the second floor, consisting an area of approximately 4,462 sq.ft. of rentable area for a term of five (5) years commencing on October 1, 2007, and substantially on the terms and conditions as set out in Appendix A.

## **CONTACT**

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

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

## **SIGNATURE**

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Bruce Bowes, P. Eng.  
Chief Corporate Officer

## **ATTACHMENTS**

Appendix "A" Major Terms and Conditions  
Appendix "B" Location Map

APPENDIX 'A'  
Major Terms and Conditions  
45 Sheppard Ave. E. – a portion of the 2<sup>nd</sup> floor

Leased Premises:

45 Sheppard Avenue East – a portion of the 2<sup>nd</sup> floor premises measuring approximately 4,462 sq.ft. of rentable area.

Landlord:

Crown Property Management.

Term:

Five (5) years; having a Commencement Date of October 1, 2007 and ending on September 30, 2012.

Rental Rate Applicable to Rentable Area:

The annual Basic Rental Rate shall be \$15.00 per sq. ft. per annum, fully net to the Landlord during the Term.

Net Rent-Free Period:

The Landlord will allow the Tenant a Net Rent Free period of six (6) consecutive months from the Commencement date. During the Net Rent Free Period, the Tenant will not be required to pay Basic Rent.

Additional Rent/Operating Expenses:

The Additional Rent is estimated at \$11.41 per sq.ft. of rentable area, per annum, for the year 2007. The estimated 2007 Realty Taxes are \$5.56 per sq.ft. of rentable area per annum, hydro is estimated at \$2.00 per sq.ft. of rentable area, and 15 parking spaces at the current market rate for parking plus applicable taxes.

Option to Renew:

The Tenant will have the option to renew the Lease for one (1) additional term of five (5) years upon giving the Landlord not less than twelve (12) months written notice prior to the expiration of the then current Term of the Tenant's intention to renew in accordance with the provisions outlined in the letter of agreement dated July 25, 2007.

Municipal Capital Facility and Taxation Exemption:

The Landlord has acknowledged that the Tenant has the right in its discretion, to request Council to exempt the Property from taxation for municipal and school purposes if the Tenant considers that the Premises may be used as a municipal capital facility. Provided Council grants satisfactory approval to this effect, the Landlord agrees to enter at its sole cost and expense into the necessary municipal capital facility agreement with the Tenant pursuant to Section 110(1) of the Municipal Act, 2001, as amended, in a form acceptable to the City Solicitor and legal counsel for the Landlord and to pass the full benefit of such exemption onto the Tenant during the entire period of any such exemption.

