



**STAFF REPORT
ACTION REQUIRED**

Lease Renewal – 1900 Dundas Street West – Social Services

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| Date: | October 19, 2007 |
| To: | Government Management Committee |
| From: | Chief Corporate Officer, Director of Real Estate, Facilities and Real Estate Division |
| Wards: | Ward No. 18 - Davenport |
| Reference Number: | P:\2007\Internal Services\F&re\Gm07106F&re – (AFS 6225) |

SUMMARY

The purpose of this Report is to obtain Council’s authority to renew the lease for the premises at 1900 Dundas Street West having an area of approximately 25,680 square feet, for a term of five (5) years commencing September 1, 2006 and ending on August 31, 2011, for Social Services. The proposed lease renewal would be substantially on the terms and conditions outlined in Appendix “A” to this Report.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. Council authorize the proposed lease renewal for the premises at 1900 Dundas Street West, with Nestle Canada Inc.(the “Landlord”), consisting of an area of approximately 25,680 square feet, at a rental rate of \$8.98 per square foot net per annum, for a five (5) Year Term commencing on September 1, 2006 and ending on August 31, 2011, with an option to renew for a further five (5) year term and based substantially on the terms and conditions 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 September 1, 2006, is estimated to be approximately \$2,290,000. plus GST, and will be included in Social Services Budget Submission and accommodated within approved operating budget targets.

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

DECISION HISTORY

By the adoption of Clause 11 of Report No. 3 of the Management Committee on January 6, 1993, the former Metropolitan Toronto Council authorized a five (5) year lease expiring August 31, 1998 with Nestle Canada Inc. for a two-story, 25,680 sq. ft. building. By the Adoption of Clause 16 of Report No. 9 of the Corporate Services Committed on July 8, 1998 City Council authorized the lease renewal with Nestle Canada Inc. The original lease provided for a further five year renewal and Social Services requested that the lease be renewed for only three years to allow some flexibility in possibly moving to a City-owned building. Suitable City-owned space was not found, and authority was granted by DAF No. 2002-017 for Social Services to renew the lease for a further five (5) years commencing the 1st day of September 2001 and ending on August 31, 2006.

COMMENTS

Facilities and Real Estate staff have valued the rental rate and consider it to represent market value. The terms and conditions are acceptable to Social Services, Community and Neighbourhood Services.

As lease renewals of the Facilities & Real Estate portfolio are negotiated, staff are addressing the status of the property as a Municipal Capital Facility. In this instance staff will be applying to MPAC for a change in status to tax exempt.

The rental of this space will enable Social Services to delivery welfare services.

CONTACT

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

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