

Child Care Lease Agreements Between City of Toronto and Toronto Community Housing Corporation

Date:	November 19, 2007
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	01,03,07,08,11,12,20,24,28,35,37,40,43
Reference Number:	P:\2007\Internal Services\F&re\Gm07130F&re - (AFS 6233)

SUMMARY

The purpose of this Report is to obtain Council's authority for the City, as tenant, to enter into sixteen (16) lease agreements with Toronto Community Housing Corporation, as landlord, for child care locations throughout the City.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. Council authorize the City, as tenant, to enter into sixteen (16) lease agreements with Toronto Community Housing Corporation, as landlord, for each of the childcare locations listed in Appendix "A", substantially on the terms and conditions set out in Appendix "A", together with such other terms and conditions deemed appropriate by the Chief Corporate Officer and in form satisfactory to the City Solicitor.
2. Council grant authority for the Chief Corporate Officer to administer and manage the 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 expenditure for the five (5) year term of the lease, commencing January 1, 2004, is estimated to be approximately \$4,773,247 plus GST, of which \$3,814,972 has been paid to date and the balance of \$958,275 is included in Children's Services' 2008 Operating Budget Submission.

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

DECISION HISTORY

Children's Services operates sixteen (16) child care centres within the properties owned by Toronto Community Housing Corporation (as per Appendix "A"). The Toronto Community Housing Corporation, Facilities & Real Estate and Children's Services have come to an agreement on standardized terms and conditions for the leases, including rental rates, and other terms and conditions contained in Appendix "A", subject to Council approval.

COMMENTS

The subject child care centres have been in operation in public housing facilities for a number of years. All of the leases have expired and the City has been occupying the locations on an over hold basis. Council's approval will permit staff to formalize and make consistent the leasing arrangements at each location with Toronto Community Housing, based on standardized terms and conditions.

It is the opinion of City Staff that the terms and conditions are fair, reasonable and reflect market rent. Children's Services concurs with the negotiated Terms and Conditions.

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS: Appendix "A"

**Appendix “A”
Major Terms and Conditions
Master Lease Agreement**

Property Address Legal Description	Ward No.	Sq. Ft. Area	Amount	Parking Spots
75 Augusta Square	20	3,397 plus Play area – 6,403	\$50,955 Yr \$4,246 Mthly	4 spots
365 Baymills Blvd.	40	3,763 plus Play area – 4,520	\$56,445 Yr. \$4,703 Mthly	4 spots
26 Blevins Place	28	3,945 plus Play area – 11,891	\$59,175 Yr \$4,931 Mthly	Staff parking in area designated for parking
5 Brahms Avenue [1]	24	3,340 plus Play area 4,675	\$50,100 Yr \$4,175 Mthly	3 spots
4 Cane Grassway	7	4,694 plus Play area – 8,154	\$70,410 Yr \$5,868 Mthly	Staff parking in designated area
7 Capri Road	3	3,107 plus Play area – 4,617	\$46,605 Yr \$3,884 Mthly	
30 Denarda Street	11	1,950 plus Common Play area - 40,500	\$29,250 Yr \$2,438 Mthly	
405 Driftwood Ave.	8	5,412 plus Play area – 7,685	\$81,180 Yr \$6,765 Mthly	4 spots
600 Dundas St. East	28	4,358 plus Play area 4,717	\$65,370 Yr \$5,448 Mthly	Staff parking in area designated
10 Falstaff Avenue	12	6,928 plus Play area – 9,007	\$103,920 Yr \$8,660 Mthly	8 spots
31 Gilder Drive	37	3,287 plus Play area – 4,650	\$49,305 Yr \$4,109 Mthly	4 spots
47 Gilder Drive	37	1,296 plus Play area – 1,671	\$19,440 Yr \$1,620 Mthly	
20 Gordonridge Place	35	4,960 plus Play area – 8,355	\$74,400 Yr \$6,200 Mthly	3 spots underground Parking garage
2765 Islington Ave.	01	3,320 plus Play area – 4,493	\$49,800 Yr \$4,150 Mthly	
4299 Kingston Road	43	6,092 plus Play area – 11,365	\$91,380 Yr \$7,615 Mthly	4 spots
3847 Lawrence Ave. East	43	4,036 plus Play area – 9,718	\$60,540 Yr \$5,045 Mthly	7 spots
Total		63,885 Sq. Ft. [1]	\$958,275 Yr [1] \$79,857 Mthly [1]	

[1] From Jan 01, 2004-April 30, 2005, space at the 5 Braham Ave location was 4,690 Sq. Ft., which represented \$70,350 per Yr or \$5,863 per Mth (Total Day Care Centres at that time represented 65,235 Sq. Ft. at a cost of \$978,525. per Yr or \$81,544 per Mth)

Landlord:

Toronto Community Housing Corporation

Term:

Five (5) Year Term, Commencing on January 1, 2004 and ending on December 31, 2008

Use:

The operation of the Child Care Centre offering day care services consistent with the Day Nurseries Act

Rent:

\$15.00 Gross per square foot of the child care centre inclusive of air conditioning, heating, hydro, and water consumption costs.

Renewal Option:

The Tenant shall have the option to renew this Lease for one additional term of Five (5) Years. In order to exercise its option to renew this Lease, the Tenant must give to the Landlord notice of renewal in writing not less than six (6) months before the date of expiry of the Term.

Termination:

Either the Landlord or the Tenant may terminate this Lease at any time during the Term provided that the Landlord or the Tenant gives the other party not less than one hundred and eighty (180) days prior written notice.

Repairs:

The Tenant agrees to provide the following interior maintenance and repair to the Child Care Centre, at its expense, including janitorial cleaning, repainting, pest control, purchase and maintenance of air conditioning units, provision of portable fire extinguishers, and replacement flooring if deemed necessary by the Tenant and subject to exceptions as outlined in the Lease.

The Tenant agrees to maintain and repair the Playground, as the Tenant deems necessary for the use under this Lease, throughout the Term.

Municipal Capital Facility:

The Landlord acknowledges that the Tenant has the right in its discretion, to request Council to exempt the leased Premises from taxation for municipal and school purposes if the Tenant

considers that the Leased 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 252(1) of the City of Toronto Act, 2006, 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. The Landlord has the reciprocal right to seek an exemption in the event that council declares the lands including the child care centres municipal capital facilities, with the benefit of such exemptions being apportioned between the Landlord and the Tenant accordingly.

Redevelopment of Site:

If the Landlord decides to substantially develop or redevelop the Building or a portion thereof, and said development or redevelopment requires the relocation of the Tenant, then;

The Landlord shall give the tenant not less than one hundred and eighty (180) days' written notice of the Landlord's intention to relocate the tenant to another property owned or operated by the Landlord;

The Landlord shall pay for all costs associated with the relocation.