



STAFF REPORT ACTION REQUIRED

Lease Renewal 1243 Islington Avenue – 9,716 Square Feet of rentable area for Children’s Services

Date:	January 23, 2008
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	Ward 05 – Etobicoke-Lakeshore
Reference Number:	P:\2008\Internal Services\ Gm08008F&re – (AFS 6881)

SUMMARY

The purpose of this Report is to obtain Council’s authority to enter into a lease renewal agreement for Children’s Services for the premises at 1243 Islington Avenue, having a rentable area of approximately 9,716 square feet, for a five (5) year term commencing January 1, 2008.

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 lease renewal for the premises at 1243 Islington Avenue with Islington Professional Centre Holdings Inc. (the “Landlord”) consisting of an area of approximately 9,716 square feet, at a basic rental rate of \$14.00 per square foot, commencing on January 01, 2008 and expiring on February 28, 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.
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 January 1, 2008, is estimated to be approximately \$1,476,520, plus GST.

Funding for 2008, including basic rental rate, office improvements, and parking, is estimated to be in the amount of approximately \$297,948, plus GST and it is available in the 2008 Operating Budget for Children’s Services.

The Funding requirement for the 2009-2012 will be included in the respective year’s Children’s Services Budget Submission and accommodated within approved budget targets.

Particulars	Year 1 01/01/08- 12/31/08	Year 2 01/01/09- 12/31/09	Year 3 01/01/10 12/31/10	Year 4 01/01/11- 12/31/11	Year 5 01/01/12- 12/31/12	5-Year Estimated Total
Base Rent per sq.ft. 9,716 sq.ft. @ \$14/sf	\$14.00 \$136,024	\$14.00 \$136,024	\$14.70 \$142,825	\$14.70 \$142,825	\$14.70 \$142,825	\$700,523
Additional Rent/sq.ft. Estimated 2008 at \$14 per sq.ft.& adjusted by 5% annually	\$14.00 \$136,024	\$14.70 \$142,825	\$15.43 \$149,966	\$16.20 \$157,413	\$17.01 \$165,269	\$751,497
Parking 9 Spaces	\$900	\$900	\$900	\$900	\$900	\$4,500
Office Improvements	\$25,000					\$25,000
Total	\$297,948	\$279,749	\$293,691	\$301,138	\$308,994	\$1,481,520

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

DECISION HISTORY

The City entered into a lease agreement for the premises at 1243 Islington Avenue with L.F. Propco Holdings (Ontario) 28 Ltd. commencing on January 1, 1998 and ending on December 31, 2002, which provided for the right to renew for an additional five (5) year term. The lease agreement was approved by the Municipality of Metropolitan Toronto at its meeting held on August 13 and 14, 1997. Children’s Services instructed Facilities and Real Estate to extend the lease for a five (5) year term. The lease was extended with the new owner “Islington Professional Centre Holdings Inc.” who had purchased the property as of September 20, 2004.

COMMENTS

Children's Services has confirmed that the space is still required and requests to continue the tenancy at 1243 Islington Avenue. The subject leased space is used by Children's Services for Administration of family support programming. Children's Services will also be consolidating staff from other offices into this location. To accommodate this, approximately \$25,000.00 will be spent by Children's Services on making leasehold improvements including adding work stations, new reception desk, some millwork and related electric power supply requirements.

Facilities & Real Estate staff has negotiated the lease renewal and consider the proposed agreement to represent fair market value. The lease renewal also allows for the option to designate the leased space as a Municipal Capital Facility, should it be in the City's best interest to do so.

The terms and conditions are acceptable to Children's Services

CONTACT

Joe Casali
Director, Real Estate Services
Tel: (416) 392-7202
Fax: (416) 392-1880

Chuck Donohue, P. Eng.
Executive Director, Facilities & Real Estate
Tel: (416) 397-5151
Fax: (416) 392-4828

SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

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

Appendix "A"

Major Terms and Conditions 1243 Islington Avenue

Leased Premises:

1243 Islington Avenue – 9,716 sq. ft. of rentable area

Landlord:

Islington Professional Centre Holdings Inc.

Term:

Five (5) years; having a commencement date of January 1, 2008 and ending on December 31, 2012.

Rental Rate:

The annual Basic Rental Rate shall be \$14.00 per square foot per annum, for the first two years. Year three (3) four (4) and five (5), the annual Basic Rental Rate shall be \$14.70 per square foot per annum.

Additional Rent/Operating costs:

The Additional Rent/operating costs for 2008 are estimated to be \$14.00 per square foot.

Leasehold Improvements:

The Landlord shall complete a "turnkey" improvement package the "Leasehold Improvements" with specifications prepared by the Tenant. The work shall be carried out by the Landlord's Contractor, upon approval of work and cost estimate to complete. The Landlord shall pay the Contractor and be reimbursed by the Tenant for the pre-approved cost of the work. Work to be completed:

Remove built-in planter box with carpet replacement at planter box.
Conduit and pull string (2-4 drop locations) at central-north side;
New side light in consultant's office on east side;
New drywall partitions, door and side light in Caseworker's office on south west side;
Drywall partition modification at reception desk including new door and removal of existing Millwork in this area;
All debris to be removed from site.

Option to Renew:

The Tenant shall have the right to renew the lease for a further term of five (5) years, subject to the same terms and conditions except for the rental rates which shall be negotiated based on the market rent for similar office space.

Parking:

The Tenant shall have the use of Nine (9) spaces in the designated parking area at the rate of \$100. Per month, plus applicable taxes. Notwithstanding the foregoing, the rate for parking may be subject to change during the term of the lease. Any rate change not to exceed Consumer Price Index and to be acceptable to the Landlord and the Tenant.

Municipal Capital Facility and Taxation Exemption:

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 the Tenant's 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.

Appendix "B"
Location Map
1243 Islington Avenue

