



STAFF REPORT ACTION REQUIRED

Renewal of Lease – Road Allowance at the south-east corner of Eglinton Avenue East and Don Mills Road, west portion

Date:	June 18, 2008
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	Ward 26 (Don Valley West)
Reference Number:	P:\2008\Internal Services\F&re\Gm08059F&re – (AFS 8002)

SUMMARY

The Purpose of this Report is to obtain Council’s authority to enter into a four (4) year renewal of a lease agreement with The Independent Order of Foresters (the “Tenant”) for the road allowance at the south-east corner of Eglinton Avenue East and Don Mills Road, west portion for approximately 5,913 square meters (63,649.08 square feet) of leased area commencing on April 1, 2008 and expiring on March 31, 2012. The proposed lease 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 four (4) year renewal of a lease agreement with The Independent Order of Foresters (the “Tenant”) for the road allowance at the south-east corner of Eglinton Avenue East and Don Mills Road, west portion for approximately 5,913 square meters (63,649.08 square feet) of leased area, commencing on April 1, 2008 and expiring on March 31, 2012. The proposed lease would be substantially on the terms and conditions outlined in Appendix “A” to this Report;

2. The Chief Corporate Officer be authorized to administer and manage the renewal 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 annual basic rent to the City will be \$136,000.00 plus GST and realty taxes and operating costs related to the leased area. The total revenue for the four (4) year term of the renewed lease, commencing retroactively on April 1, 2008 and ending on March 31, 2012, is \$544,000.00 plus GST and realty taxes and operating costs related to the leased area. Out of which, \$101,970.00 will be received in 2008. The rent and realty taxes have been paid up-to-date.

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

DECISION HISTORY

Approval was granted by the CAO on March 18, 2004 through Delegated Approval Form, Tracking No. 2004-034 to enter into a lease agreement with the Tenant for the west portion of the vacant road allowance located on the south side of Eglinton Avenue East and east side of Don Mills Road for parking use. The lease was for a term of four (4) years commencing April 1, 2004 and expiring on March 31, 2008 for a monthly rent of \$9,280.00 inclusive of realty taxes for the first year, and a monthly net rent of \$10,608.00, plus realty taxes for the remaining term. The leased area is approximately 5,913 square metres (63,649.08 square feet) and is part of the strip of road allowance which is not used for vehicular traffic and is not surplus to the City's requirements. Either party has the right to terminate the lease at any time for any reason upon giving six (6) months' prior written notice to the other.

The lease expired on March 31, 2008 and the tenant requested for renewal.

ISSUE BACKGROUND

Upon being advised by Transportation Services that it has no objection to a further renewal, negotiation was conducted with the tenant.

COMMENTS

The rent and other terms and conditions of the lease agreement reflect current market value according to market research and valuation conducted by the F&RE staff. The Tenant is up-to-date with all rentals, taxes and utility payments.

CONTACT

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix "A" – Major terms and conditions
Appendix "B" – Location Map