



STAFF REPORT ACTION REQUIRED

3100 Weston Road – Lease Renewal with The Order of St. Basil The Great Holding Corporation for Operation of the Carmine Stefano Community Centre

Date:	January 28, 2009
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	Ward 7 – York West
Reference Number:	P:\2009\Internal Services\F&re\Gm09019F&re – (AFS 9374)

SUMMARY

The purpose of this report is to obtain authority to enter into a Lease Amending and Extension Agreement with The Order of St. Basil The Great Holding Corporation (Landlord) for the building and playing fields at 3100 Weston Road. The proposed Agreement would commence on November 30th, 2009 and expire on November 30th, 2019.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. Authorize entering into a Lease Extension and Amending Agreement with The Order of St. Basil The Great Holding Corporation (the “**Landlord**”) to use and occupy approximately 13.5 acres of land and 49,833 square feet of rentable area in the building at 3100 Weston Road (the “**Premises**”) for the operation of a neighbourhood/community centre, commencing on November 30th, 2009 and expiring on November 30th, 2019, substantially on the terms and conditions as set out in Appendix “A” and on such other terms and conditions as approved by the Chief Corporate Officer, or his or her designate, and in a form and content acceptable to the City Solicitor.
2. Authorize the City Solicitor to complete the Lease Extension and Amending Agreement, deliver any notices, pay expenses and amend the commencement and

other dates to such earlier or later date(s), on such terms and conditions, as she may, from time to time, determine.

3. Authorize the Chief Corporate Officer to administer and manage the Lease Extension and Amending 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 proposed Agreement is for a base rent of \$6.60 per square foot of rentable area (49,833 square feet), for a total of \$328,897.80 per year for the ten (10) year term, commencing on December 1st, 2009. The base rent will be adjusted upwards annually on December 1st of each year of the new lease term by 2%. Throughout the term, the City will also be responsible for its proportional share of operating and utility charges, which were \$460,305 in 2007. As the Landlord continues to occupy a portion of the building, the Landlord is obligated to pay to the City its proportionate share (13.89%) of the total utility costs for the entire building. The proposed total annual cost is approximately \$816,850 per year.

The proposed Agreement will result in an estimated shortfall of \$90,000 before recoveries in 2009, which will be absorbed within the Parks, Forestry and Recreation 2009 Operating Budget. In the event that the sublease arrangement with the H.S. East Wing Management Board is renewed, revenue generated could be used to offset some of the unplanned costs in 2009.

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

DECISION HISTORY

As authorized by City Council at its meeting held on February 1, 2 and 3, 2000 (Clause 11, Report No. 2 of the Policy and Finance Committee) under confidential communication, the City entered into a ten (10) year lease agreement with The Order of St. Basil The Great Holding Corporation for the purposes of establishing a community centre at 3100 Weston Road. Background history can be found in the following report to Economic Development and Parks Committee:

<http://www.toronto.ca/legdocs/2003/agendas/committees/edp/edp030609/it014.pdf>

By sublease made as of July 1st, 2000, the City entered into a sublease agreement with Councillor Mammoliti for 960 square feet of surplus space for the purposes of a constituency office. This sublease agreement was further renewed and amended for a three (3) year period, commencing on December 1st, 2003 and expiring on November 30th, 2006. The renewal agreement relinquished approximately 694 square feet, which became part of the sublease to H.S East Wing Management Board, leaving Councillor Mammoliti with approximately 296 square feet. No further renewals were completed after the expiration date.

A sub-tenancy was entered into with a community organized management board, known as H.S. East Wing Management Board, commencing on December 1st 2002, for use of the second floor of the building and administration of the playing fields associated with the premises. The sublease agreement expires on November 29th, 2009. City Council, at its meeting on November 26, 27 and 28 2002 authorized the sublease arrangement. The adopted Council report can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/2002/agendas/council/cc021126/adm14rpt/cl021.pdf>

The sublease with H.S. East Wing Management Board was further amended, as approved by City Council at its meeting on March 1, 2 and 3, 2004. The adopted report for the sublease amendment can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/2004/agendas/council/cc040301/adm2rpt/cl024.pdf>

At its meeting on September 25, 26 and 27, 2006, City Council authorized the renaming of Humber Sheppard Community Centre to the Carmine Stefano Community Centre. Council's decision to rename the community centre can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/et7rpt/cl083.pdf>

At its meeting on September 9, 2008, the Etobicoke York Community Council directed the Executive Director of Facilities and Real Estate to investigate alternative locations for the Carmine Stefano Community Centre. Background information can be found in the following Motion from Councillor Mammoliti:

<http://www.toronto.ca/legdocs/mmis/2008/ey/bgrd/backgroundfile-15532.pdf>

ISSUE BACKGROUND

The City's Parks, Forestry and Recreation division offer a number of community programs through the Carmine Stefano Community Centre. The facility is well equipped in size, offering a gymnasium, playing fields, personal fitness room, and classrooms for programs such as English learning classes and support for the developmentally and/or physically challenged. The community centre has also become a centre for competitive youth soccer in the area and the home of multiple children's soccer leagues. There is a further need to establish a permanent community centre for the area beyond the extended lease term. However, a deficiency of community recreation services in Ward 7 provides an immediate requirement for Parks, Forestry and Recreation to extend the current lease.

During the new lease term, the rent will start at \$6.60 per square foot (which was the starting rental rate during the old lease term, beginning on December 1st, 1999). During the new lease term, the Landlord will continue to be responsible for ongoing repairs and maintenance to the building, including all structural elements of the facility. The City has, however, paid approximately \$222,000.00 towards repairs to the fire safety system following a Notice of Violation issued by Fire Services to the Landlord and the City on February 27th, 2006. Completion of the repairs was an immediate requirement in order for the Premises to continue to be operated safely and to bring the building up to Ontario Fire Code standards. Under the new lease terms, the Landlord is required to reimburse the

City \$111,000.00, so that the cost of these repairs is shared evenly. In the event of an early termination on behalf of the Landlord, the Landlord shall reimburse the City the unamortized contribution to the fire retrofit (equal to \$925/month for the period from the date of termination to November 30th, 2019).

The City has also negotiated for the installation of sports field lighting on the playing fields, which have been permitted by the Landlord. The sports field lighting, fourteen (14) in total, was purchased via Parks, Forestry and Recreation's 2007 capital budget, and will be installed on the premises in 2009.

Facilities and Real Estate Staff, in consultation with Parks, Forestry and Recreation, will report back to Government Management Committee in 2009 on the future of the sublease agreement with H.S. East Wing Management Board and the management structure for the community centre. H.S. East Wing Management Board is a community organized board, originally established and supported on the position that community-driven models offer tremendous benefits to local neighbourhoods by strengthening the community identity, supporting families and nurturing leadership in the community. The future relationship between the City and H.S. East Wing Management Board will be addressed in the forthcoming report, including details on how the City will move forward with a community-driven management model.

Facilities and Real Estate Staff consider the Extension and Amending Agreement to be fair, reasonable and at market value, and provides a short-term solution for a community centre in the area. While alternatives must be explored for a long-term solution, Staff recommends that the Lease Extension and Amending Agreement be entered into in order to meet the immediate needs of the local community.

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

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