



STAFF REPORT ACTION REQUIRED

Master Child Care Lease Agreement between City of Toronto and Toronto Community Housing Corporation

Date:	March 16, 2009
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:\2009\Internal Services\F&re\Gm09032F&re – (AFS 9728)

SUMMARY

The purpose of this Report is to obtain Council's authority for the City, as tenant, to renew sixteen (16) leases with Toronto Community Housing Corporation, as landlord, for another five (5) year term, commencing January 1, 2009 at new rent rates.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. Council authorize the City, as tenant, to enter into sixteen (16) lease renewal agreements with Toronto Community Housing Corporation, as landlord, for the five (5) year renewal term commencing January 1, 2009 substantially on the same terms and conditions set out in the existing leases except that the new rents for each of the childcare locations shall be those set out in Appendix "A" and except that there is no further renewal option, 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 renewal 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 renewal term of the leases, commencing January 1, 2009, is estimated to be approximately \$5,240,240. net of GST. Funding for 2009 is included in the 2009 Recommended Operating Budget for Children's Services. Funding requirements from 2010 to 2013 will be included in respective year's Operating Budget Submission for Children's Services 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

Children's Services operates sixteen (16) child care centres within the properties owned by Toronto Community Housing Corporation (as per Appendix "A"). At its meeting on December 11, 12 & 13, 2007, Council approved sixteen (16) standardized lease agreements for a five (5) year term commencing January 1, 2004.

<http://www.toronto.ca/legdocs/mmis/2007/gm/bgrd/backgroundfile-8964.pdf>

COMMENTS

The subject child care centres have been in operation in public housing facilities for a number of years. Prior to the expiry of the existing sixteen standardized leases, the City exercised the option to renew the leases for the five year renewal term commencing January 1, 2009. The existing leases provide that the renewal agreements shall be on the same terms and conditions as the existing leases except as to rent and there shall be no further right of renewal. City staff has, subject to Council approval, negotiated new rental rates for the renewal term. The rent under the existing leases is fifteen dollars per square foot of the child care centre space. For the renewal period, the negotiated rents are fifteen dollars per square foot of the child care centre space, plus 3% per annum, more particularly shown on Appendix "A". The existing leases provide that if the parties are unable to agree upon the new rents, the matter is to be referred to arbitration.

It is the opinion of City Staff that the new rental rates are fair, reasonable and reflect market rent. Children's Services concurs with the negotiated rental rates.

CONTACT

Joe Casali, Director, Real Estate Services

Tel: (416) 392-7202

Fax: (416) 392-1880

jcasali@toronto.ca

SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENT: Appendix A