



## STAFF REPORT ACTION REQUIRED

### Lease Extension and Amending Agreement for Use of City Lands Adjacent to 36 Cariboo Avenue

<b>Date:</b>	April 20, 2009
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer
<b>Wards:</b>	Ward 18 – Davenport
<b>Reference Number:</b>	P:\2009\Internal Services\F&re\Gm09038F&re – (AFS 9890)

#### SUMMARY

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The purpose of this report is to obtain authority to enter into a Lease Extension and Amending Agreement with Cypec Holdings Inc. for use of City lands adjacent to 36 Cariboo Avenue. The proposed Lease agreement is for a five (5) year term, commencing on June 1<sup>st</sup>, 2009 and ending on May 31<sup>st</sup>, 2014.

#### RECOMMENDATIONS

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**The Chief Corporate Officer recommends that Council:**

1. Authorize entering into a Lease Extension and Amending Agreement with Cypec Holdings Inc. (the “**Tenant**”), to use and occupy approximately 6,418 square feet of vacant land adjacent to 36 Cariboo Avenue, (the “**Rentable Area**”), 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 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 \$1.41 per square foot of Rentable Area (approximately 6,418 square feet), for a total of \$9,049 per year for the five (5) year term, commencing on June 1, 2009. The base rent will be adjusted upwards annually by 2.5% per annum, to be applied on the anniversary of the Commencement Date each year. Throughout the Term, the Tenant will also be responsible for taxes, maintenance and insurance costs, so that the Lease Extension and Amending Agreement is fully net and carefree to the City.

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

## **DECISION HISTORY**

At its meeting on August 1, 2, 3, and 4, 2000, City Council adopted Clause 32 of the Policy and Finance Committee Report No. 10, approving the Agreement of Purchase and Sale for the acquisition of an abandoned Canadian Pacific Railway Spur Line. The purchased area contained a linear strip of land approximately 7.1 acres in size and almost 1.6 miles long, from Cariboo Avenue to Dundas Street West. The City acquired the lands for the purposes of developing a pedestrian/bicycle path. With the purchase, the City also assumed a number of licenses, easements and agreements from Canadian Pacific Railway Company, including a lease on the subject property with Cypec Holdings Inc. The Council report can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/2000/agendas/committees/pof/pof000720/it030.pdf>

## **ISSUE BACKGROUND**

The City assumed the lease between Canadian Pacific Railway Company, as Landlord, and Cypec Holdings Inc., as Tenant, effective July 11<sup>th</sup>, 2003. The City has collected rents from the Tenant from July 11<sup>th</sup>, 2003 to present, at the rate provided in the assumed lease, dated July 1<sup>st</sup>, 1996. The lease has been overholding since July 1<sup>st</sup>, 2001. In order to generate a market return on the value of the land, a Lease Extension and Amending Agreement is required at current market rates.

## **COMMENTS**

The City's Parks, Forestry and Recreation Department ("PF&R") has started developing the Railway Spur Line, identified as the "PS LEAD", into a bicycle/pedestrian pathway. PF&R do not have the current/proposed Rentable Area with Cypec Holdings Inc. incorporated into its development plan. As a result, the opportunity exists to bring the lease with the current tenant to current market rates and maximize the interim value of the land, subject to early termination rights in favour of the City should the premises be required in the future for City purposes.

Facilities and Real Estate staff consider the terms and conditions of the proposed agreement to be fair, reasonable and at current market rates.

## **CONTACT**

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## **SIGNATURE**

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Bruce Bowes, P. Eng.  
Chief Corporate Officer

## **ATTACHMENTS**

Appendix “A” – Major Terms and Conditions  
Appendix “B” – Location Map

