



**STAFF REPORT
ACTION REQUIRED**

Lease Renewal at 150 Eglinton Avenue East

Date:	October 21, 2009
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	Ward 22 – St. Paul’s
Reference Number:	P:\2009\Internal Services\F&re\Gm09102F&re – (AFS 10684)

SUMMARY

The purpose of this report is to obtain authority to enter into a lease renewal agreement with 150 EAE Property Ltd. for space at 150 Eglinton Avenue East in the amount of 35,601 square feet for continued use by Toronto Employment and Social Services. The renewal is for five (5) years.

RECOMMENDATIONS

The Chief Corporate Officer recommends that City Council:

1. Authorize entering into a Lease Renewal Agreement with 150 EAE Property Ltd. for a five (5) year term years commencing October 31, 2009 and expiring on October 31, 2014. including an option to renew for another five (5) year term and an option to acquire additional space, based substantially on the terms and conditions set out in the attached Appendix “A”, and other terms and conditions acceptable to the Chief Corporate Office, and in a form acceptable to the City Solicitor.
2. The Chief Corporate Officer be authorized to administer and manage the lease agreements include the provision for 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

Total lease costs for the five (5) year term are approximately \$5,371,910, net of taxes based on an annual basic rental rate of \$9.50 per square foot for the first 3 years and \$11.50 per square foot for the last two years:

Years	Basic Rent	Additional Rent	Parking	Total
Years 1-3	\$1,103,879	\$1,873,675	\$147,600	\$3,125,154
Years 4-5	\$ 893,823	\$1,254,533	\$ 98,400	\$2,246,756
Totals	\$1,997,702	\$3,128,208	\$246,000	\$5,371,910

There is sufficient funding for this lease in the 2009 Recommended Operating Budget for Toronto Employment and Social Services. Funding is included in Toronto Employment and Social Services' 2010 Operating Budget submission. Funding requirements for 2011-2014 will be included in the respective year's operating budget submission for Toronto Employment and Social Services and will be 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

The City's lease of office space at 150 Eglinton Avenue East, consisting of approximately 33,166 square feet of rentable space, commencing October 31, 1999 and ending October 30, 2004, at a rental rate of \$6.50 per square foot, was approved by Council by Report 11(1) of the July 29, 30, & 31/1998 Council Meeting.

At the request of Toronto Employment and Social Services, negotiations were conducted with the landlord, and an Amending Agreement, under similar terms and conditions, was reached to lease additional space of approximately 1,834 square feet from March 1, 2000 until the end of the existing Lease Agreement, which increased the total lease space to approximately 34,998 square feet. The Amending Agreement was approved by DAF 2004-029 dated February 2004.

Negotiations for a Lease Renewal were conducted for a further term of five (5) years commencing on October 31, 2004 and was approved by Council by Report 4(18) of the May 17, 18 and 19, 2005 Council Meeting.

COMMENTS

The subject property serves a large geographic area for Toronto Employment and Social Services (TESS) and continuation of services at this location is required. The recommended agreement has an option that would allow TESS to expand the current premises as required. TESS is currently undertaking a needs assessment in this regard.

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.

CONTACT

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

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