

## **970 Lawrence Avenue West – Lease Amending and Extension Agreement**

<b>Date:</b>	October 5, 2009
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer
<b>Wards:</b>	Ward 15 – Eglinton-Lawrence
<b>Reference Number:</b>	P:\2009\Internal Services\F&re\Gm09090F&re – (AFS 10685)

### **SUMMARY**

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The purpose of this report is to obtain authority to enter into a Lease Amending and Extension Agreement with Pinedale Properties Limited in Trust for 970 Lawrence Project Limited, for the lease of approximately 11,577 square feet of rentable area located on the seventh (7<sup>th</sup>) floor of the building municipally known as 970 Lawrence Avenue West.

### **RECOMMENDATIONS**

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

1. Authorize a Lease Extension and Amending Agreement with Pinedale Properties Limited in Trust for 970 Lawrence Project Limited (the “Landlord”) for the lease of approximately 11,577 square feet of rentable area on the seventh (7<sup>th</sup>) floor of the building (the “Leased Premises”) known municipally as 970 Lawrence Ave West (the “Building”) substantially on the terms and conditions as set out in Appendix “A” attached hereto and on such other terms and conditions as approved by the Chief Corporate Officer, or his or her designate, and in a form 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 provides for a base rent of \$13.25 per square foot of rentable area (11,577 square feet), for a total of \$153,359 per year for the five (5) year term, commencing January 1<sup>st</sup>, 2010. Throughout the term, the City will also be responsible for payment of Additional Rent, which is based on common area maintenance of \$6.20 per square foot (inclusive of hydro) and property taxes of \$5.15 per square foot for 2009. City Staff are working with the Landlord to implement a Municipal Capital Facility Agreement for the Leased Premises.

The Landlord will also provide seventy-one (71) underground and surface parking spaces for an annual rental rate of \$75,000 throughout the term. The resulting annual rents are outlined in the following chart:

Lease Term	Annual Net Rent	Additional Rent (Estimate)	Parking	Total Annual Rent	Total for the Term
Years 1-5	\$153,395	\$125,157	\$75,000	\$353,516	\$1,767,580

Funding for 2010 is included in the 2010 Parking Tag Enforcement & Operations Operating Budget Submission. Funding requirements for 2011-2014 will be included in the respective year's Parking Tag Enforcement & Operations Operating Budget submission.

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

## DECISION HISTORY

Metropolitan Council, at its meeting on October 12 and 13, 1994, authorized a lease agreement with Belmont Properties Limited as Authorized Agent for 970 Lawrence Project Ltd., for 11,027 square feet of rentable area in the Building. The lease commenced on January 1, 1995 and expired on December 31, 2005, with an option to renew for a further five (5) year term.

The lease was then renewed for a five (5) year term, commencing on January 1, 2005 and expiring on December 31, 2009, as approved by City Council at its meeting on January 31, February 1 and 2, 2006. The report can be found through the following hyperlink: <http://www.toronto.ca/legdocs/2005/agendas/committees/adm/adm051107/it029.pdf>

On January 4<sup>th</sup>, 2000, the City Auditor submitted a review of the Parking Enforcement Unit's operations, which brought forward a series of recommendations. The review can be found in the following report to the Budget Advisory Committee: <http://www.toronto.ca/legdocs/2000/agendas/committees/bud/bud000221/it002.htm>

## **ISSUE BACKGROUND**

Toronto Police Service's ("TPS") Parking Enforcement Unit currently occupies approximately 11,027 square feet of rentable area at 970 Lawrence Ave West, consisting of all the space on the seventh (7<sup>th</sup>) floor of the Building (Suite 700). The size of the leased premises is being revised from 11,027 square feet to 11,577 square feet in the Lease Extension and Amending Agreement due to the re-measurement of the Leased Premises using BOMA standards (as provided for in the existing lease), and provided that such revision is certified by the Landlord's architect. The leased space has been used by the TPS Parking Enforcement Unit since 1994. TPS requested that Real Estate staff negotiate a five (5) year lease extension with the Landlord to meet their ongoing requirements.

In consideration of TPS's requirement, Real Estate staff also conducted a search of City-owned and privately-owned properties for suitable relocation options, but did not find appropriate alternatives for the immediate future.

During the extended term, the Landlord will complete a series of improvements to the Leased Premises and common areas, including: completing new elevator and lobby finishes; renovating the common area bathrooms; renovating TPS washroom/shower facilities; replacing the 7<sup>th</sup> floor boardroom sink and counter/storage area; replacing selected carpet and tiles; and replacing all lighting in the Leased Premises with energy-saving light bulbs. The cost of these improvements will be borne by the Landlord.

## **COMMENTS**

In addition to the premises at 970 Lawrence Ave West, Toronto Police Service's Parking Enforcement Unit also operates in approximately 34,899 square feet of leased space at 1500 Don Mills Ave. The lease at this location was extended for five (5) years, commencing on July 1, 2009 and ending on June 30, 2014, as approved by City Council at its meeting on April 29 and 30, 2009. As suggested in this report to City Council on April 29 and 30, 2009, further analysis is required to examine the operational and cost efficiencies of consolidating both Parking Enforcement Unit locations.

Real Estate staff, in consultation with TPS staff, will undertake a review and report back to City Council on a long-term location plan, including a study of space requirements and the costs and benefits of operating out of one location. The study will require an evaluation of various purchase and lease alternatives, including an examination of City-owned locations, in the context of improving operational productivity and reducing long-term occupancy costs.

The Toronto Police Services Board, at one of its upcoming meetings, will be considering recommendations 1 and 2 of this report.

Facilities and Real Estate staff consider the terms and conditions of the proposed Lease Extension and Amending Agreement to be fair and reasonable, and at 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