

Lease Extension Agreement for Vacant Land East of Leslie Street and South of Stubbs Drive

Date:	February 23, 2010
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	Ward 34 – Don Valley East
Reference Number:	P:\2010\Internal Services\RE\Gm10017re – (AFS 11573)

SUMMARY

The purpose of this report is to obtain authority to enter into a Lease Extension Agreement with Polaris Realty (Canada) Limited for use of City-owned vacant land situated south of Highway 401 on the east side of Leslie Street and north of Stubbs Drive. The proposed Lease Extension Agreement is for a ten (10) year term, commencing on December 1, 2009 and ending on November 30, 2019.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council authorize entering into a Lease Extension Agreement with Polaris Realty (Canada) Limited (the “**Tenant**”), to use and occupy approximately 6,157 square feet of vacant land at Highway 401 and Leslie Street, (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. City Council authorize the Chief Corporate Officer to administer and manage the Lease Extension 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 total revenue from this lease over the 10 year term, commencing December 1, 2009, is estimated to be approximately \$135,000 as follows:

Year	Rental Area (sq. ft)	Base Rent (per sq. ft)	Monthly Revenue	Annual Revenue	Total Revenue
1-5	6,157	\$2.03	\$1,041.67	\$12,500	\$62,500
6-10	6,157	\$2.36	\$1,208.33	\$14,500	\$72,500

Throughout the Term, the Tenant will also be responsible for taxes, maintenance and insurance costs, so that the Lease Extension 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

By adoption of DAF # 99-192 dated January 20, 2000 authority was granted to enter into a ten (10) year lease agreement with Polaris Realty (Canada) Limited effective December 1, 1999 and expiring November 30, 2009 with the rental rate of \$8,500.00 per annum net for the first five years and the rental rate of \$10,500.00 per annum net for the last five years of the agreement.

ISSUE BACKGROUND

The Tenant owns an office complex with an adjacent parking lot in the vicinity of Highway 401 and Leslie Street. In order to accommodate a shortage of parking space for its tenants, Polaris Reality Ltd. had entered into a lease agreement with the City for the adjacent vacant land with an area of approximately 572 square metres (6,157 square feet). The property was acquired by the City for a future grade separation and has been leased in the interim to generate revenue. The term of the original lease ended on November 30, 2009 and the lease has been in overholding status since that time. In order to generate a market return on the value of the land, a Lease Extension Agreement is required at current market rates.

COMMENTS

The tenant is up-to-date with rental payments, and its account is in good standing.

The basic and other terms and conditions of the proposed agreement reflect current market value according to market research and valuation conducted by Real Estate Services staff.

CONTACT

Joe Casali.
Director, Real Estate Services
Tel: (416) 392-7202
Fax: (416) 392-1880

SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

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