

Lease Agreement at 1530 Markham Road

Date:	April 13, 2010
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	Ward No. 42 – Scarborough-Rouge River
Reference Number:	P:\2010\Internal Services\RE\Gm10033re – (AFS #9216)

SUMMARY

The purpose of this report is to obtain Council’s authority to enter into a new lease agreement with Rogers Cable Communications Inc., for approximately 242 square feet of space located on the P3 level at 1530 Markham Road.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council authorize a new lease agreement for storage space located on the P3 level at 1530 Markham Road with Rogers Cable Communications Inc. for a ten (10) year term commencing on May 1st, 2006 with the option of renewal for an additional five (5) year term, on the terms and conditions set out in the attached Appendix “A”, and on such other terms and conditions as may be deemed appropriate by the Chief Corporate Officer, or his or her designate, and in a form acceptable to the City Solicitor.
2. City Council authorize the City Solicitor to complete the lease, deliver any notices, pay expenses and amend the commencement and other dates to such earlier or later date(s), on such terms and conditions, as she may, from time to time, determine.
3. City Council authorize the Chief Corporate Officer to administer and manage the Lease 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 May 1st, 2006 is estimated to be \$24,000, net of GST, as follows:

1530 Markham Road – P3 Level				
Year	Size (Sq. Ft.)	Monthly Rental Rate	Annual Revenue	Total Revenue
1 - 10	242	\$200	\$2,400	\$24,000

In addition to the basic rent presented above, the tenant is also responsible to pay for realty taxes assessed for the leased premises as well as their proportionate share of the operating costs at 1530 Markham Road.

The expected revenue represents an increase of \$8,400 over the ten year term of the lease. No budget allocation has been made for this increase in 2010. Future year increases will be included in the Operating Budget Submissions for Real Estate Services.

The rates for the renewal period will be renegotiated by both parties and will reflect the then market rents for similar leased properties within the general vicinity.

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

DECISION HISTORY

The leased premise is located on the P3 level of 1530 Markham Road and has been occupied by the current tenant since May 1st, 2004 under the authority of DAF No. 2004-127. The original lease was for a two (2) year term at a rental rate of \$130 per month (or \$1,560 per annum). The original lease also provided the tenant with the use of 1 parking spot on the P3 level. The parking rights have been removed from the proposed new lease as they are no longer required. The tenant has remained in an overholding state since the original lease term expired in May of 2006. Since that time, the tenant has complied with all the terms and conditions of the lease, including the payment of all rental amounts owing. The tenant will pay the City \$3,360 to make up for the difference in rent between the old rental rate and the newly proposed rate dating back to May of 2006.

ISSUE BACKGROUND

The City-owned building located at 1530 Markham Road is located on the north-west corner of Markham Road and Milner Avenue. The building was formerly occupied by Toronto Hydro but was surplus to their needs and was acquired by the City. The building contains approximately 120,000 square feet of gross floor area and is home to many internal staff members within multiple Divisions including Court Services. The City has owned this property since prior to amalgamation. The leased premise is located on the P3 level of the building and is surplus to the needs of staff.

COMMENTS

The rental rates for this lease are considered fair and reasonable and are indicative of current market rents for similar leased properties within the general vicinity. These rates were established based on research conducted by City Staff. The agreement contains a renewal option for an additional 5-year term commencing on May 1st, 2016. At any time during the lease term (including the optional renewal period), either party can terminate the lease by providing the other party with one-hundred and eighty (180) days prior written notice.

CONTACT

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

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