

Lease Agreement - 625 Church Street

Date:	May 4, 2010
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	27 – Toronto Centre-Rosedale
Reference Number:	P:\2010\Internal Services\RE\Gm10038re – (AFS #12004)

SUMMARY

The purpose of this report is to obtain authority to enter into a lease agreement with The Manufacturers Life Insurance Company to use the entire 5th floor space (Suite 500) at 625 Church Street, being 14,886 rentable square feet for the continued use by Shelter, Support and Housing Administration for a term of five (5) years commencing June 1, 2010 with an option to extend for another five (5) years.

RECOMMENDATIONS

The Chief Corporate Officer recommends:

1. City Council authorize entering into a lease agreement with The Manufacturers Life Insurance Company for a five (5) year term commencing June 1, 2010 and expiring on May 31, 2015, including an option to extend for another five (5) year term, based substantially on the terms and conditions set out in the attached Appendix “A”, and subject to such further revisions and on such other terms and conditions deemed appropriate by the Chief Corporate Office, and in a form acceptable to the City Solicitor.
2. City Council authorize the Chief Corporate Officer to administer and manage the lease agreement, including 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 commencing June 1, 2010 are approximately \$2,366,815 net of taxes, based on an annual basic rental rate of \$13.50 per square foot and additional rent at approximately \$17.09 per square foot, per annum of rentable area (14,886 square feet):

Lease Term	Annual Basic Rent	Additional Rent (estimated)	Parking	Total Annual Rent
Year 1	\$200,961	\$254,402	\$18,000	\$473,363
Year 2	\$200,961	\$254,402	\$18,000	\$473,363
Year 3	\$200,961	\$254,402	\$18,000	\$473,363
Year 4	\$200,961	\$254,402	\$18,000	\$473,363
Year 5	\$200,961	\$254,402	\$18,000	\$473,363
Total For Term	\$1,004,805	\$1,272,010	\$90,000	\$2,366,815

There is sufficient funding for this lease in the 2010 Approved Operating Budget for Shelter, Support and Housing Administration. Funding requirements for 2011-2015 will be included in the respective year's operating budget submission for Shelter, Support & Housing Administration and will be accommodated within approved operating budget targets.

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

DECISION HISTORY

The City's existing sub-sublease of this office space at 625 Church Street, consisting of approximately 14,886 square feet of rentable space, commencing July 25, 2008 and ending May 31, 2010, at a less than market sub-sublease rental rate of \$4.75 per square foot, was approved by Council by Motion 2 of the July 23, 2008 Council Meeting.

At the request of Shelter, Support and Housing Administration, negotiations were entered into with the landlord for a new Lease Agreement, under similar terms and conditions, for a term commencing June 1, 2010 and ending May 31, 2015, including an option to extend for another five (5) year term.

COMMENTS

Shelter, Support and Housing Division has been occupying and using this office premises since 2008 for the administration of its Streets to Homes program.

It is the opinion of Real Estate Services Staff that the terms and conditions of this agreement are fair, reasonable and reflect market rent. Shelter, Support and Housing Administration has approved and is in agreement with the terms and conditions of this agreement.

CONTACT

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

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