



## STAFF REPORT ACTION REQUIRED

### Below-Market Rent Lease Agreement with Urban Cats Relief Inc. at 705 Progress Avenue

<b>Date:</b>	June 1, 2015
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer and Executive Director, Social Development, Finance and Administration
<b>Wards:</b>	Ward 38 –Scarborough Centre
<b>Reference Number:</b>	P:\2015\Internal Services\RE\Gm15021re (AFS 20995)

### SUMMARY

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The purpose of this report is to obtain City Council authority to enter into a Below-Market Rent (BMR) lease agreement with Urban Cats Relief Inc. ("UCR") for Unit 15 comprising approximately 2,030 square feet of space located at 705 Progress Avenue.

### RECOMMENDATIONS

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The Chief Corporate Officer and Executive Director, Social Development, Finance & Administration (SDFA) recommends that:

1. City Council authorize a new Below-Market Rent lease agreement with Urban Cats Relief Inc. for a five (5) year term, substantially on the terms and conditions set out in the attached Appendix "A", with such other terms and conditions acceptable to the Chief Corporate Officer, or her designate, and in a form acceptable to the City Solicitor.
2. City Council grant an exemption to the Below-Market Rent Policy and provide its consent and authority to allow UCR to lease Unit 15, 705 Progress Avenue, as a Below Market Rent tenant without the need to solicit a Request for Proposals, as required by the Below Market Rent Policy.

3. City Council grant an exemption from the Return on Investment (ROI) requirement as the tool is under development with Social Development, Finance and Administration Division.
4. City Council authorize the Chief Corporate Officer or her designate to administer and manage the lease agreement identified in Recommendations 1, 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.
5. 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.

### **Financial Impact**

The proposed lease agreement with UCR will provide approximately 2,030 square feet of space for a nominal net rent consideration. All operating costs, maintenance and realty taxes related to the building occupancy (currently estimated at \$10,637 per year based on a rate of \$5.24 per square foot) will be paid by the tenant, resulting in no operating costs to the City of Toronto, so long as the tenant pays on time.

In accordance with the City's Policy on City-Owned Space Provided at Below Market Rent, the opportunity costs of entering into this agreement must be determined and reported to City Council. Research indicates that the total opportunity cost of this lease over the 5-year term at 705 Progress Avenue is approximately \$59,000.

The building at 705 Progress is jointly owned by City of Toronto and Toronto District Board of Education (TDSB), and operated by the City. The Operating Agreement dated January 2, 1997 between the City and TDSB requires the City to pay TDSB basic rent of \$1 per square foot for up to 10,000 square feet occupied by the City. TDSB has confirmed in writing that the space leased to this Below-Market Rent tenant will be considered to be use and occupation of such space by the City. As a result the City is required to pay TDSB the sum of \$10,150 over the 5-year term of the lease. This sum will be paid by the tenant as an additional amount.

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

## **DECISION HISTORY**

At its meeting on October 1, 2, and 3, 2002, Council adopted “A Policy for City-Owned Space Provided at Below-Market Rent” as the first step in rationalizing how City-owned space is provided to community and cultural organizations.

(<http://www.toronto.ca/legdocs/2002/agendas/council/cc021001/pof13rpt/cl001.pdf>)

Through subsequent reports, Council has refined the BMR policy framework and has authorized the extension of existing BMR lease agreements. The most recent report reviewing the BMR program was approved by City Council on November 27, 2012 titled “Update on the Policy for City-Owned Space Provided at Below-Market Rent.”

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX25.7>)

The Below-Market Rent Policy establishes a framework for the leasing of City-owned space to non-profit community organizations at below-market rent where these organizations further the delivery of Council priorities. The proposed tenancy is consistent with this framework.

## **ISSUE BACKGROUND**

Through its temporary arrangement with Real Estate Services, on October 1, 2012, Toronto Animal Services ("TAS") has been occupying Unit 15 at 705 Progress Avenue. This space has been used to provide sterilization recovery and public education services by a coalition of volunteers. During their temporary use of the space, concerns were raised about the group's ability to deliver the services as per the agreement with TAS.

UCR took over the program in late 2013 to expand the services and the Board of Management Rental Agreement. This report ensures that UCR is made a BMR tenant. TAS will continue to provide program funding towards UCR operations.

UCR is a solely volunteer-run, non-profit organization that aids homeless animals. Over the last 12 months, UCR has expanded their services and provided funds for lease holder improvements at Unit 15, 705 Progress Avenue.

## **COMMENTS**

Toronto Animal Services Division continues to require animal rescue/recovery services through UCR on an ongoing basis. UCR’s work aligns with TAS feral cat Spay/Neuter Clinic and TAS does not operate its own recovery centre.

UCR is a charitable citizens group that provides a range of services including: safety and environmental audits by collecting feral animals, conducting sterilizations and providing information/ educational outreach primarily in low income, priority neighbourhoods and seniors' populations. Since UCR was formed and in partnership with TAS, 6,000 cats have accessed the facility.

UCR will invest approximately \$30,000 of accumulated funds to upgrade the space to provide standardized services of a recovery center plus community resources center at Unit 15, 705 Progress Avenue. To date, UCR has honoured its arrangement with TAS and has demonstrated ability to handle the operating costs for the facility. TAS will continue to provide program funding of \$11,000 per year towards UCR's operations through their council approved budget.

This report recommends an exemption to the Request for Expressions of Interest (REOI) requirement contained in the Below-Market Rent (BMR) policy for determining a BMR tenant at Unit 15 - 705 Progress Avenue. The REOI requirement is to ensure that there is fairness, transparency and equity in selecting BMR tenants. Periodically, City Council grants exemptions from the REOI requirement where another local process achieves these objectives.

The City of Toronto's Animal Services promotes and supports a harmonious environment where humans and animals can co- exist free from conditions that adversely affect their health and safety. Managing the feral cat population in the City of Toronto is key to ensuring the cat population is controlled, cat welfare is improved and Public Health is supported by vaccinating cats that are sterilized against rabies. To support this initiative, TAS works with the Toronto Feral Cat Coalition (TFCC), a volunteer organization comprised of several non profit, volunteer and citizen groups operating in the GTA. Their mandate is to deliver feral cat programs including spay and neuter surgeries, recovery care and offer public education workshops.

In 2012, TAS focussed on how best to implement the feral cat recovery services within the Scarborough area given the available space and appropriate local community-based service providers. The City of Toronto allocated the use of Unit 15 for operational purposes to TAS to support the management of feral cats recovering from spay and neuter surgeries. TAS worked with Action Volunteers for Animals (AVA) who managed the centre until the fall of 2013 when the agency advised that they were no longer interested in managing the recovery centre. At that time TAS worked with the remaining TFCC volunteer groups to replace AVA and continue the important work of the Recovery Centre.

In December 2013, TAS was approached by Urban Cat Relief (UCR) who volunteered to operate the Recovery Centre. UCR was determined to have the capacity, skills, relationships and knowledge to deliver animal rescue services that align with the TAS mandate and council objectives. UCR has successfully managed the Recovery Centre and has demonstrated the commitment and expertise required to support the program. Based on UCR's performance and eligibility to qualify under BMR policy, we recommend an exemption from the REOI and that UCR become a tenant at Unit 15, 705 Progress Avenue.

UCR have been determined eligible under BMR policy to become a tenant at Unit 15, 705 Progress Avenue and to deliver programs aligned with City services under Toronto Animal Service Mandate. Given their existing use of the facility and that they are an appropriate agent to provide the specific services; this report recommends an exemption to the requirement for a Request for Expression of Interest (REOI).

## **CONTACT**

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## **SIGNATURE**

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Josie Scioli  
Chief Corporate Officer

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Chris Brillinger  
Executive Director  
Social Development, Finance &  
Administration

## **ATTACHMENTS**

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