



STAFF REPORT ACTION REQUIRED

Renewal of Below Market Rent Lease Agreement with Flemo City Media at 29 St. Dennis Drive

Date:	December 14, 2015
To:	Government Management Committee
From:	Chief Corporate Officer and Executive Director, Social Development Finance & Administration
Wards:	Ward 26 – Don Valley West
Reference Number:	P:\2016\Internal Services\RE\Gm16002re (AFS #22172)

SUMMARY

The purpose of this report is to obtain City Council authority to renew the Below-Market Rent (BMR) lease agreement with Flemo City Media (FCM) for five (5) years starting March 1, 2016 for approximately 361 square feet of space located at 29 St. Dennis Drive in the Flemington Park priority neighbourhood in Ward 26 Don Valley West.

RECOMMENDATIONS

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

1. City Council authorize the renewal of the Below Market Rent lease agreement with Flemo City Media for a five (5) year term, substantially based on the terms and conditions set out in Appendix “A”, and on such other terms and conditions acceptable to the Chief Corporate Officer, or her successor or designate, and in a form acceptable to the City Solicitor.
2. City Council authorize the Chief Corporate Officer to administer and manage the sub-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 to City Council for its determination and direction.

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.

Financial Impact

The proposed agreement assumes a lease of 361 square feet of space for a nominal net rent consideration. All operating costs related to the building occupancy (currently estimated at \$4,090 per year based on a rate of \$11.33 per square foot) will be paid by the tenant, resulting in no cost to the City of Toronto. The Tenant's financial account is up to date and is not in arrears.

In accordance with the City's BMR Policy, the opportunity costs of entering into the BMR agreement must be determined and reported to City Council. Research indicates that the total opportunity cost of the lease over the 5-year term is approximately \$21,922.

The tenant currently does not pay realty taxes, however, it may be subject to realty taxes pending an assessment to be conducted by Municipal Property Assessment Corporation (MPAC).

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>

At its meeting November 19 and 20, 2007, Council adopted "Providing City-Owned Space to Community Organizations at Below-Market Rent" and outlined provisions of occupying new city spaces through an REOI: <http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-7803.pdf>

At its meeting on September 30, 2009, Council authorized Staff to negotiate and enter into a BMR lease with FCM: <http://www.toronto.ca/legdocs/mmis/2009/gm/bgrd/backgroundfile-23313.pdf>

The BMR policy establishes a framework for the provision of leasing City-owned space to non-profit organizations at below-market rents where these groups further the delivery of City programs and services, or provide functions that are consistent with Council's objectives.

ISSUE BACKGROUND

The Dennis R. Timbrell Resource Centre is located in the heart of the Flemingdon Park Neighbourhood Improvement Area (NIA) at 29 St. Dennis Drive. The centre is located on a property owned by Toronto Community Housing Corporation (TCHC) which includes a recreation facility, a public library and a daycare centre. The Dennis R. Timbrell Resource Centre is operated by Parks, Forestry and Recreation. FCM entered into a formal BMR lease agreement for 361 sq. ft. of space within the Resource Centre in 2009. The building is leased to the City and FCM would be a subtenant. A letter requesting consent of same has been sent to TCHC for approval.

Staff have worked with FCM since 2008 to develop the organization as a non-profit and establish a multi-year funding partnership with Youth Challenge Fund and Thorncliffe Neighbourhood Office. In 2012/13 FCM received a United Way donation of \$210,775 through the Blue Jays Foundation to enhance its programming and create additional youth space in the community centre. FCM has contributed to the Flemingdon Park community by providing engaging, educational and pro-social programming. From its inception, FCM has supported community cohesion, community engagement and mentorship of youth.

FCM's lease with the City expired September 30, 2014 and the Tenant has been over holding since that time and wishes to enter into a new lease agreement. The Parks, Forestry and Recreation division agrees that FCM continues to demonstrate a fit for the space and it supports the lease renewal.

COMMENTS

To be considered for space under BMR Policy, applicants must meet the following eligibility requirements:

1. Non-profit status;
2. Provide programs and services that are aligned with a city division mandate;
3. Service delivery primarily provided to residents of Toronto;
4. Contain an established mandate that is not the sole responsibility of senior levels of government;
5. Have sound financial standing to maintain allocated space and operating costs for the duration of BMR lease;

FCM has passed the Eligibility Review for City-Owned BMR space and remained BMR-eligible during the overhaul period. A dedicated program space for FCM through a BMR lease will enable expanded participation of local youth in its broadcasts, radio show production, and web design initiatives, and facilitate increased audience participation, and increased referrals of neighbourhood youth to volunteer, leadership and employment opportunities offered by FCM and other Youth Service Network Partners. FCM's contributions are consistent with the Toronto Youth Equity Strategy and the Toronto Strong Neighbourhood Strategy 2020.

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SIGNATURE

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ATTACHMENTS

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