



## REPORT FOR ACTION

### **Community Space Tenancy Lease Agreement with Senior Peoples' Resources in North Toronto Incorporated (SPRINT) at 140 Merton Street**

**Date:** May 17, 2018

**To:** Government Management Committee

**From:** Director, Real Estate Services

and Executive Director, Social Development, Finance and Administration

**Wards:** 22 – St. Paul's

#### **SUMMARY**

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The purpose of this report is to obtain City Council authority to enter into a Community Space Tenancy agreement with Senior Peoples' Resources in North Toronto Incorporated ("SPRINT") for five (5) year term for approximately 12,000 square feet of City space on the second floor of the building located at 140 Merton Street. This report also requests staff to seek additional authority for the City to enter into the necessary agreements with SPRINT and a third party, if necessary, to relocate SPRINT's operations during the redevelopment of 140 Merton Street.

#### **RECOMMENDATIONS**

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**The Director, Real Estate Services and Executive Director, Social Development, Finance & Administration recommend that:**

1. City Council authorize the City to enter into a Community Space Tenancy lease (the "Lease") pursuant to the Community Space Tenancy Policy (the "CST Policy") with Senior Peoples' Resources in North Toronto Incorporated ("SPRINT") for certain premises located at 140 Merton Street for a five (5) year term, with a five (5) year option to renew, substantially on the terms and conditions set out in the attached Appendix "A", with such revisions thereto and on such other or amended terms and conditions acceptable to the Deputy City Manager, Internal Corporate Services, or her designate (the "DCM") and in a form acceptable to the City Solicitor.
2. City Council directs City staff to seek the requisite additional authority to enter into a tenancy agreement with SPRINT and a lease agreement with a third-party property owner, if necessary, in the event that SPRINT is required to be relocated during the term of the Lease as a result of the redevelopment of 140 Merton Street.

3. City Council to direct staff to include in any transfer agreement with Build Toronto for 140 Merton Street the obligation to grant to the City no less than 12,000 square feet of rentable space within the redevelopment at 140 Merton Street.
4. City Council authorize the City Solicitor to complete the relevant agreements, and all related documentation as required, and to deliver any notices, and amend the respective commencement, termination and other dates to such earlier or later date(s), on such terms and conditions, as the City Solicitor, or her designate, may from time to time, determine.
5. City Council authorize the Deputy City Manager, Internal Corporate Services and the Director of Real Estate Services be severally authorized to execute such documents required to complete the relevant lease agreements.
6. City Council authorize the Deputy City Manager, Internal Corporate Services to administer and manage the Lease including the provision of any consents, approvals, notices, and notices of termination, provided that the Deputy City Manager, Internal Corporate Services may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.
7. City Council direct the Director, Real Estate Services, in consultation with the City Treasurer, to report back on the designation of the subject leased premises as a municipal capital facility.

## **FINANCIAL IMPACT**

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The Lease is for 12,000 square feet of City space at nominal net rent in accordance with the Community Space Tenancy Policy (the "CST Policy").

In accordance with the Lease, the tenant, SPRINT will be responsible for all realty taxes and operating costs related to the Leased Premises, which is currently estimated at \$81,954 per year or \$3.41 per square foot; resulting in no cost to the City, assuming compliance with the Lease.

The total opportunity costs are estimated to be \$180,000.00 per annum for a total of \$900,000.00 opportunity costs for the 5 year term, based on estimated rental rates of \$15.00 per square foot for office space within the area.

In 2017, SPRINT invested \$11,389,127.00 in programs and services at 140 Merton Street. Over the 5 year term of the proposed lease, SPRINT will have invested \$56,945,635.00 in programs and services in the facility to meet community needs.

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

## **DECISION HISTORY**

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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 extension of leases of existing tenants of the City; SPRINT's lease was extended under the Below-Market Rent policy.

(<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-7803.pdf>).

At its meeting on September 30, October 1 and 2, 2015, City Council adopted lease renewal agreement for a Below Market Rent (BMR) lease with SPRINT at 140 Merton Street for a three (3) year term to be administered by the Executive Director, Social Development, Finance and Administration pending transfer of property for transfer to and redevelopment by Build Toronto

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM6.18>

At its meeting on November 7, 8 and 9, 2017, Council adopted the "Community Space Tenancy Policy", replacing the Below-Market Rent Policy, and allows Community Partner Tenants to sublease a portion of their tenanted space to no more than two subtenants.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.8>

## **COMMENTS**

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### **BACKGROUND**

Since 1998, SPRINT has leased space on the second floor of the City-owned building at 140 Merton Street primarily as an administrative space. The main floor of the building was occupied by Transportation Services until December 31, 2014.

In December 12, 2016, 140 Merton Street was declared surplus, with the intended manner of disposal to be by way of turnover to Build Toronto. Since then staff have worked with Build Toronto and the Local Councillor to identify the community space requirements, potential heritage implications, and SPRINT's tenancy and relocation needs.

SPRINT was approved for three (3) year Below Market Rent ("BMR") lease, at which time it was expected the lease would be transferred to Build Toronto. Arrangements were considered to locate SPRINT to an equivalent space within the new development. SPRINT's current approved tenancy is set to expire on August 31, 2018.

The Terms and Conditions for transfer to Build Toronto are still being finalized. Staff and Build Toronto have been going through the customary due diligence and a dedicated space has not been allocated for SPRINT to date; however, SPRINT will need to vacate their present location when construction begins for the redevelopment of 140 Merton Street.

To ensure that the services and programs delivered by SPRINT are not impacted, City Staff will ensure:

- that SPRINT will remain at 140 Merton Street for the duration of the Lease if redevelopment does not proceed during the term of the Lease;
- in the event redevelopment 140 Merton Street proceeds during the term of the Lease, SPRINT will be provided with a suitable interim space in North Toronto that will accommodate their present office operations on similar terms and conditions as the Lease;
- the City, along with Build Toronto, will provide SPRINT with 12,000 square feet of space to occupy within the redeveloped site at 140 Merton Street after construction is completed and occupancy of the building has been granted

A tenancy agreement for the interim City space during redevelopment of 140 Merton Street will allow SPRINT to continue to serve clients in the North Toronto and support City initiatives.

## **COMMENTS**

Founded in 1984, SPRINT provides support services to seniors, with a particular focus on seniors with disabilities, LGBT seniors, vulnerable and isolated seniors. Services include client intervention and crisis prevention, transportation, visitor and respite care, congregate dining and meals on wheels. Services initially addressed the seniors' population of North York, and have since expanded to seniors and their families city-wide. These services align with the City's priorities, particularly with the Toronto Seniors Strategy.

SPRINT is the lead agency for Toronto Ride. Toronto Ride began in 1998 to provide a coordinated, integrated, affordable and accessible non-emergency community transportation service by which seniors and persons with disabilities can access the health care system and services. Last year, Toronto Ride provided approximately 200,000 rides in the GTA.

In 2016, Toronto Central LHIN allocated the sum of \$650,000 in 2014 to enhance the transportation program administered out of 140 Merton Street. SPRINT had a 5 year strategic plan in place to expand transportation services. In 2013, SPRINT secured funding under SDFA Access, Equity and Human Rights Grant to develop and expand programming to LGBT Seniors. In 2017, SPRINT also secured funding under SDFA Community Safety Partnerships Grant for \$99,105.00.

An eligibility review was conducted by SDFA staff and determined that SPRINT is eligible under the CST Policy to lease Community Space.

The implications of the space being designated as a municipal capital facility need to be examined by staff and they will report back once that examination is complete.

## **CONTACT**

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Nick Simos, Manager, Program & Policy Management, Real Estate Services,  
Tel: (416) 392-7223, [Nick.Simos@toronto.ca](mailto:Nick.Simos@toronto.ca)

Costanza Allevato, Director, Community Resources, Social Development Finance &  
Admin., Tel: (416) 392-8608, [Costanza.Allevato@toronto.ca](mailto:Costanza.Allevato@toronto.ca)

## **SIGNATURE**

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David Jollimore, Director  
Real Estate Services

Chris Brillinger, Executive Director  
Social Development, Finance & Administration

## **ATTACHMENTS**

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Appendix "A" – Major Terms and Conditions  
Appendix "B" – Location Map: 140 Merton Street.

## **APPENDIX “A”**

### **MAJOR TERMS AND CONDITIONS**

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#### **Landlord:**

City of Toronto

#### **Tenant:**

Senior Peoples' Resources in North Toronto Incorporated (SPRINT)

#### **Premises:**

Comprising approximately 11,898 square feet of space on the second floor of the building situated at the property municipally known as 140 Merton Street, Toronto, Ontario (the “Leased Premises”).

#### **Commencement Date:**

The Commencement Date shall be September 1, 2018

#### **Term:**

The Term of the Lease shall be five (5) years with a five (5) year option to renew.

#### **Annual Net Rent:**

The Tenant shall pay to the Landlord basic rent (“Basic Rent”) of \$2.00 per annum.

#### **Net Lease:**

The Lease shall be entirely net to the Landlord. During the term or any extension thereafter, the Tenant shall be responsible for all applicable costs, taxes, charges, expenses and outlays of any nature whatsoever arising from or relating to the use and occupancy of the Leased Premises.

#### **Operating Costs:**

The Tenant shall pay all operating costs related to the Leased Premises. “Operating Costs” means the total of all costs and expenses attributable to the maintenance, repair, administration, management and operation of the Property including, without limited the generality of the foregoing: utilities, security, insurance, all taxes including applicable property taxes, supervision, landscaping, window cleaning, waste collection, disposal and recycling, snow removal and other costs of maintenance and operation.

**Use:**

The Leased Premises shall be used and shall continually be operated throughout the term to provide multi-service programming and supports services to seniors with particular focus on LGBT, diversity, disability and vulnerable/isolated seniors. Services will include client intervention and assistance, escort, transportation, friendly visiting, respite care, home help, congregate dining and meals-on-wheels in the area bounded by Hwy 401, south to Bloor, west to Bathurst and east to Bayview Avenue. As set out in the Community Partnership Tenant's Service Agreement with the Landlord's Social Development, Finance & Administration Division.

**Relocation:**

In the event that the Property is transferred during the Term for the purposes of redevelopment, the City will, in conjunction with Build Toronto, and at its sole expense, upon Council approval, relocate the Tenant to a comparable space in North Toronto (being a minimum of 12,000 square feet with a similar level of public access) for the period of such redevelopment. The Tenant shall only be responsible for the cost of fixturing the new premises.

**Community Space Commitment:**

The transfer agreement between the City and the transferee for 140 Merton Street shall require the transferee to grant to the City a parcel comprising no less than 12,000 square feet of community space upon the completion of the redevelopment of 140 Merton Street.

**Standard Lease:**

The Landlord's solicitor shall draft the Lease document which shall comply with the CST Policy and contain such further revisions and other terms and conditions as may be satisfactory to the DCM, all in form acceptable to the City Solicitor. The Tenant shall expeditiously execute the Lease when it is delivered by the Landlord.

**Insurance:**

The Tenant is to provide prior to the commencement of the term of this Leased Premises and on an annual basis, proof of insurance in accordance with the Landlord's insurance requirements outlined in the Lease.

# APPENDIX B

## LOCATION MAP & SITE PLAN – 140 MERTON STREET

