

Community Space Tenancy Lease Agreement with Ontario Historical Society at 34 Parkview Avenue and Municipal Capital Facility Designation for Ontario Historical Society

Date: May 16, 2018

To: Government Management Committee

From: Director, Real Estate Services

and General Manager, Economic Development and Culture

Wards: Ward 23 - Willowdale

SUMMARY

The purpose of this report is to obtain City Council authority to enter into a Community Space Tenancy lease with the Ontario Historical Society as a community partner for approximately 6,550 square feet of City-owned space located at 34 Parkview Avenue, in the building commonly known as the John Mackenzie House.

RECOMMENDATIONS

The Director, Real Estate Services and the General Manager, Economic Development and Culture, recommend that:

1. City Council authorize the City to enter into a Community Space Tenancy lease (the "Lease") with Ontario Historical Society pursuant to the Community Space Tenancy Policy as a Community Partner Tenant for the lands and premises located at 34 Parkview Avenue and known as John Mackenzie House for a five (5) year term 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 as may be acceptable to the Deputy City Manager, Internal Corporate Services in consultation with the General Manager, Economic Development and Culture, and in a form acceptable to the City Solicitor.
2. City Council direct the Director, Real Estate Services, in consultation with the City Treasurer, to report back on the designation of the leased premises as a municipal capital facility.
3. City Council authorize each of the Deputy City Manager, Internal Corporate Services, and the Director of Real Estate Services severally to execute the Lease and any related documents on behalf of the City, as required.

4. City Council authorize the Deputy City Manager, Internal Corporate Services or his/her designate to administer and manage the Lease, including the provision of any amendments, consents, approvals, waivers, 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.

FINANCIAL IMPACT

The Lease will provide Ontario Historical Society with approximately 6,550 square feet of community space for a nominal net rent consideration.

In accordance with the terms of the Lease, the tenant, Ontario Historical Society ("OHS") will be responsible for all realty taxes and operating costs related to the lands and premises municipally known as 34 Parkview Avenue, Toronto (the "Property"), currently estimated at \$41,009 per year, or \$6.26 per square foot based on the 2016 occupancy costs reported by OHS; resulting in no operating costs to the City of Toronto assuming compliance to the tenancy agreement.

In accordance with the CST Policy, the total opportunity cost of the Lease over the five (5) year term is estimated to be approximately \$325,000 plus HST. The total opportunity cost of over the five (5) year renewal term is approximately \$357,000 plus HST. Accordingly, the total opportunity cost for both the agreement and the renewal term is \$682,000 plus HST.

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

DECISION HISTORY

OHS entered into a twenty-five (25) year lease agreement with the City of North York for the Property in 1993. The said lease expires on July 31, 2018.

At its meeting on November 7, 8 and 9, City Council adopted the CST Policy. The CST Policy came into effect on January 1, 2018.

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

COMMENTS

OHS has occupied the Property as a tenant since 1993. An eligibility review and performance assessment for CST Policy status was conducted by the Economic Development and Culture Division in April 2018. OHS was deemed eligible to continue occupying the Property as a tenant under the CST Policy.

Founded in 1888, OHS is the largest not-for-profit provincial organization dedicated to heritage preservation in Ontario, and the only not-for-profit in Canada with the ability to incorporate new not-for-profit organizations. The OHS publishes Ontario History, a scholarly peer-reviewed journal featuring articles related to Ontario's history, and acts as a professional network for museums, historical societies, and other cultural organizations. OHS also manages a library in the historic coach house situated at the Property with over 5,000 items relating to Ontario's history. This unique collection valued at \$55,000 is open to the public for reference.

The buildings at the Property include an Edwardian Classical revival brick house known as John McKenzie House (1913), a coach house (1918), milk house (1907), and stable (1915) (collectively, the "Buildings"). The Buildings are designated under the Ontario Heritage Act as provincially significant and the property is protected by a heritage conservation easement with the Ontario Heritage Trust. OHS has demonstrated clear stewardship of the Property, working with the City to complete the said heritage conservation easement in 2013.

In 1992, OHS was instrumental in saving the Buildings from demolition for a ring road and housing development. In 1993, OHS undertook a major restoration of both the interior and exterior of the building known as John McKenzie House.

From 1993 - 2017, OHS has spent, on average, \$48,600 per year on the restoration, repairs, and maintenance of the Buildings, for a total estimated expenditure of \$1,166,500.

OHS has also worked to make the Property accessible to the community. OHS partnered with the Parkview Neighbourhood Garden in 2008 to begin work on the community gardens that are run from the Property and located on City-owned property adjacent to the Property.

In 2014, OHS commissioned an independent architectural review and report for the John McKenzie House and the Property to guide OHS on immediate and future expenses pertaining to upkeep of John McKenzie House. OHS has maintained the upkeep of John McKenzie House, installing boilers, security systems and supporting the City's Capital Assets team in replacing the slate roof in 2016. More recently, in 2017, OHS spent \$25,425 for completion of restoration projects including a full-scale restoration of the front limestone steps, constructed in 1913.

OHS serves as a leader in the heritage community, providing advice and direction to organizations that incorporate through the OHS. In this role, OHS uses their experience in saving, restoring and maintaining John McKenzie House as a reference point for organizations seeking to preserve heritage assets in communities throughout Ontario.

The continuation of the OHS's tenancy at the Property will assure that OHS remains a custodian of this important heritage asset.

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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SIGNATURE

David Jollimore
Director, Real Estate Services

Mike Williams
General Manager, Economic Development and Culture

ATTACHMENTS

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

APPENDIX "A"

Major Terms and Conditions

Community Space Tenancy Lease at 34 Parkview Avenue

Tenant:

Ontario Historical Society

Leased Premises:

Lands and premises situated at 34 Parkview Avenue

Commencement Date:

July 1, 2018

Term:

Five (5) years commencing on July 1, 2018 and expiring on June 30, 2023, with an option to renew of five (5) years.

Basic Rent:

Basic Rent for the Term is \$2.00 per annum plus all applicable taxes.

Net Lease:

The Lease shall be absolutely net to the Landlord. During the Term or any extension or renewal thereof, 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. Any obligation which is not stated to be that of the Landlord shall be the Tenant's responsibility.

Operating Costs:

The Tenant shall pay all realty taxes and operating costs related to the Property. "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, eavestrough cleaning, pest management, waste collection, disposal and recycling, snow removal, and other costs of maintenance and operation.

Maintenance Reports:

The City shall have the right to request and review the Tenant's maintenance reports and logs pertaining to building operations and repairs at any time.

Use:

The Leased Premises shall be used and shall continually be operated throughout the Term for the purpose of promoting and carrying out its objects and activities to incorporate and provide services to improve the capacity heritage organizations within Ontario to research, record and share Ontario's history with Ontarians.

Early Termination:

The Landlord shall have the right to terminate the Lease if the Tenant is, at any time during the Term, including any renewals and extensions thereof, is no longer CST eligible or financially viable. In each instance as determined by the City acting reasonably, and provided that the City has not waived, or is not willing to waive the relevant CST eligibility criteria. A termination resulting from a failure to remain CST eligible shall not result in contractual damages for the Tenant notwithstanding any balance remaining in the Term of the Lease.

The City shall have the right to terminate the Lease for any purpose at any time during the Term and any renewal/extension thereof upon providing the Tenant with sixty (60) day's prior written notice.

Standard Lease:

The Lease shall be drafted on the City's standard form, which shall contain such further revisions and other terms and conditions as may be satisfactory to the DCM, and in a form acceptable to the City Solicitor.

Insurance:

The Tenant is to provide prior to the commencement of the Term and on an annual basis, proof of insurance in accordance with the City's insurance requirements outlined in the Lease, including but not limited to comprehensive general liability insurance with limits of not less than Five Million Dollars (\$5,000,000.00) per occurrence.

Indemnity by Tenant:

The Tenant will fully indemnify and save harmless the City, its respective employees, agents and those for whom it is at law reasonable for of, from and against all claims whatsoever. The Tenant agrees that it will not pursue any claim against a third party which may result in any claim by such third party against the City.

Condition of Leased Premises:

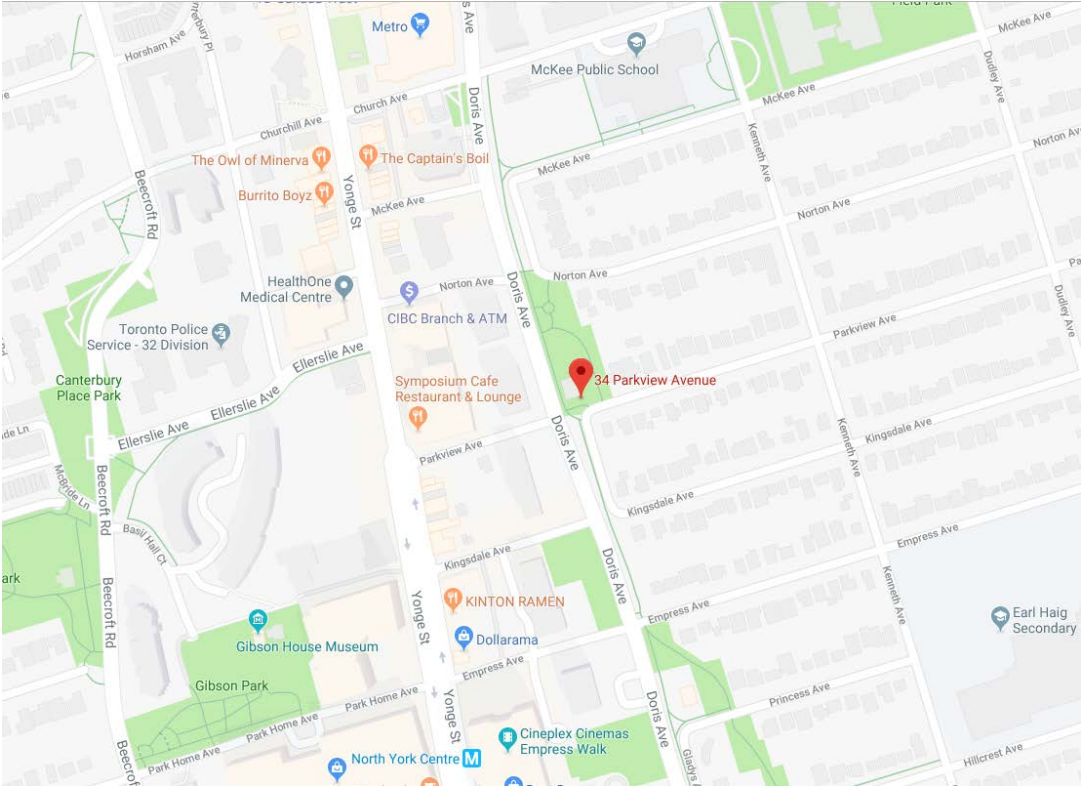
The Tenant will accept the Leased Premises and the Property in an "as is" condition.

Assignment and Subleasing:

The Tenant shall not sell, assign or otherwise dispose of its rights and obligations under the Lease or permit any other person or organization to occupy or use the Leased Premises, or any part thereof, or sublet the Lease Premises, or any part thereof, to a third party or in any way charge, encumber or pledge the Lease or its interest therein without the prior written consent of the City, which consent may be unreasonably withheld or delayed and need not be based upon any financial considerations whatsoever.

Appendix "B"

Location Map: 34 Parkview Avenue, Toronto



John Mackenzie House

