Lease Agreement - 2300 Sheppard Avenue West

Date: May 4, 2010
To: Government Management
From: Chief Corporate Officer
Wards: 7 – York West
Reference Number: P:\2010\Internal Services\RE\Gm10039re – (AFS # 12069 )

SUMMARY

The purpose of this report is to obtain authority to enter into a lease renewal agreement with Shepbram Investments Inc. for space at 2300 Sheppard Avenue West consisting of 7,232 square feet for continued use by Toronto Public Health. The Lease Agreement is for two (2) years with an option to extend for another two (2) year term.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council authorize entering into a Lease Renewal Agreement with Shepbram Investments Inc. for a two (2) year term commencing February 1, 2010 and expiring on January 31, 2012, including an option to renew for another two (2) year term, based substantially on the terms and conditions set out in the attached Appendix “A”, and such other terms and conditions deemed appropriate by the Chief Corporate Officer, 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 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.
Financial Impact

Total lease costs for the two (2) year term commencing February 1, 2010 are approximately $322,440, net of taxes, based on an annual gross rental rate of approximately $21.17 per square foot and additional rent for storage of $675.00 per month for the term:

<table>
<thead>
<tr>
<th>Lease Term</th>
<th>Annual Gross Rent</th>
<th>Storage</th>
<th>Total Annual Rent</th>
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<tbody>
<tr>
<td>Total For Term</td>
<td>$306,240</td>
<td>$16,200</td>
<td>$322,440</td>
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There is sufficient funding for this lease in the 2010 Approved Operating Budget for Toronto Public Health. Funding requirements for 2011-2012 will be included in the respective year’s operating budget submission for Toronto Public Health and will be accommodated within approved operating budget targets.

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

DECISION HISTORY

The City’s lease renewal of office space at 2300 Sheppard Avenue West, consisting of approximately 6,960 square feet of rentable space, commencing February 1, 2005 and ending January 31, 2008, was approved by DAF 2006-050 dated November 6, 2006.

The City has been in an overhold position since the expiry of the lease in 2008. At the request of Toronto Public Health, negotiations were conducted with the landlord for a renewal of the lease under similar terms and conditions, for a two (2) year term commencing February 1, 2010 and ending January 31, 2012 including an option to extend for another two (2) year term. The change in square footage from 6,960 to 7,232 resulted from a re-measurement of the space in accordance to the current Building Owners and Managers Association (BOMA) standards. The resultant increase in square footage has had no effect in the total gross rental payable, therefore resulting in a reduced per square foot annual rate.

COMMENTS

Toronto Public Health has been occupying and using this business office premises since 1989.
It is the opinion of Real Estate Services staff that the terms and conditions of the proposed lease agreement are fair, reasonable and reflect market rent. Toronto Public Health 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