Various Agreements regarding the new Regent Park Community Centre, Aquatic Centre and Children and Youth Hub

**Date:** August 4, 2010

**To:** Government Management Committee

**From:**
- General Manager, Parks, Forestry and Recreation
- General Manager, Children Services
- Chief Corporate Officer

**Wards:** Ward 28 – Toronto Centre-Rosedale

**Reference Number:** P:\2010\Cluster A\PFR\GM33-081210-AFS#12543

**SUMMARY**

The purpose of this report is to request City Council authority to negotiate and enter into various agreements in connection with the Regent Park Revitalization Project. The first agreement would be three (3) separate twenty-five (25) year agreements with Regent Park Energy Inc., a District Energy System provider, for the supply of community thermal energy (hot and chilled water for space heating and cooling, and for domestic hot water heating) to the new Regent Park Community Centre and Aquatic Centre located within Phase 2 of the Regent Park revitalization area and the Regent Park Children and Youth Hub located at 38/40 Regent Street, subject to the City becoming the owner of the respective sites. The second request is to complete the acquisition of 38/40 Regent Street (formerly known as Part of 30 Regent Street) in accordance with the additional revised terms and conditions as shown on Appendix “B”; and the third request is to enter into Below-Market Rent lease agreements with Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre for portions of 38/40 Regent Street.

**RECOMMENDATIONS**

The General Managers of Parks, Forestry and Recreation and Children Services, and the Chief Corporate Officer recommend that:

1. City Council authorize, the City, as Purchaser, enter into an Amending Agreement with Toronto Community Housing Corporation (TCHC), as Vendor, to amend the Agreement of Purchase and Sale (APS) dated May 28, 2008, for the purchase of the property as described...
in the APS, currently known as 38/40 Regent Street (the "Property"), substantially on the terms set out in Appendix "B," and that each of the Chief Corporate Officer and the Director of Real Estate Services be authorized to severally execute the Amending Agreement on behalf of the City.

2. City Council authorize staff to negotiate and enter into three (3) separate Agreements with Regent Park Energy Inc. for a term of twenty-five (25) years each, commencing approximately fall 2010, fall 2011, and fall 2012 for the children and youth hub, aquatic centre, and community centre respectively, for the supply of district thermal energy to the Regent Park Children and Youth Hub located at 30 Regent Street (now known as 38/40 Regent Street), the new Regent Park Aquatic Centre and Community Centre located within Phase 2 of the Regent Park Revitalization area, in a form satisfactory to the General Manager of Children’s Services, the General Manager of Parks, Forestry and Recreation and the City Solicitor, subject to the City becoming the owner of the respective sites.

3. City Council authorize the increase in the 2010 Capital Budget for Children’s Services by $478,400 to fund the capital costs of implementing the piping required to receive thermal energy from Regent Park Energy Inc. with $244,000 funded by TCHC and $234,400 funded through a loan from Toronto’s Sustainable Energy Plan, Green Energy Fund to be re-paid over a twenty year term at 0% interest.

4. City Council grant an exemption to the Below-Market Rent (BMR) Policy to allow Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre to become tenants at 40 Regent Street without the need to solicit a request for proposals as required by the Below-Market Rent Policy.

5. City Council authorize a new BMR lease agreement with Regent Park Community Health Centre and a new BMR lease agreement with Regent Park Focus Youth Media Arts Centre, both for a five (5) year term, with a reduction in their additional rent for 2010 by the total amount of $14,503.73 apportioned between the BMR tenants in proportion to the size of their respective leased premises, subject to Council approving such subsidy amount, and based on the terms and conditions set out in Appendix “C”, and other terms and conditions deemed appropriate by the Chief Corporate Officer, and in a form acceptable to the City Solicitor.

6. City Council authorize amending BMR lease agreements with Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre to be entered into any time during the balance of the five year BMR lease terms to reflect any additional subsidies that City Council may decide to give the tenants towards their respective additional rent costs under their leases.

7. City Council authorize Children’s Services to contribute on a one-time only basis $14,503.73 in 2010 from within the 2010 Approved Operating Budget towards increased occupancy costs for Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre which resulted from relocation of these organizations to 40 Regent Street.
8. City Council authorize the Chief Corporate Officer to administer and manage the lease agreements 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.

9. City Council authorize the City Solicitor to complete the leases, 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.

10. This report be forwarded to the Executive Committee for consideration at its meeting of August 16th.

FINANCIAL IMPACT

Agreement of Purchase and Sale for 30 Regent Street

There are no financial implications related to the acquisition of the property. The report entitled "Acquisition of a Portion of 30 Regent Street" with recommendations to accept the Offer to Sell a part of 30 Regent Street for nominal consideration from TCHC was adopted by City Council on April 17, 2008. The funds for the Land Transfer Tax for 30 Regent Street in the amount of $11,637.50 were provided in the 2008 Operating Budget for Children’s Services. TCHC has agreed to pay any Land Transfer Tax over and above the City Council approved amount based on a reasonable amount of value as agreed to by the parties.

District Energy System Capital Costs

The financial impact to the Children’s Services and Parks, Forestry and Recreation Capital Budgets in the amount of $2,167,900 is attributable to the increased capital costs for the heating and cooling infrastructure for the Regent Park Children and Youth Hub, Aquatic Centre and Community Centre.

<table>
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<tr>
<th>Facility</th>
<th>Capital Cost ($000’s)</th>
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<tbody>
<tr>
<td></td>
<td>2010</td>
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</tr>
<tr>
<td>Regent Park Children and Youth Hub</td>
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<td>-</td>
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<tr>
<td>Aquatic Centre</td>
<td>-</td>
<td>$ 612.7</td>
</tr>
<tr>
<td>Community Centre</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$ 478.4</td>
<td>$ 612.7</td>
</tr>
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Agreements with Regent Park Energy Inc. for the supply of district thermal energy will reduce capital equipment that the City would otherwise have to provide and pay for. Specifically, the City will receive:

- the benefit of the output from Regent Park Energy Inc.'s utility-grade central energy plant that it has built and will maintain (instead of the City providing boilers and chillers and associated equipment in each facility). The cost also captures the benefit of avoided operation and
maintenance costs specific to the foregone boilers and chillers that the City would otherwise have to provide;

- the benefit of an assured supply of hot and chilled water through Regent Park Energy Inc.'s network of underground pipes that it will install and maintain (connecting the central energy plant to each of the City's facilities);

- the benefit of the use of Regent Park Energy Inc.'s heat exchangers in their Energy Transfer stations located within each City facility that RPEI will install and maintain (in space that would otherwise be occupied by conventional boilers).

In addition, the District Energy System connection will increase floor area by eliminating building equipment such as boilers, furnaces, chillers, air-conditioners, cooling towers, evaporative condensers, etc.

If the City were to provide the above mentioned services, the following would be required:

- Regent Park Children and Youth Hub: A conventional stand alone heating and cooling system for the facility would be required. This change is not feasible at this point given space limitation. It would result in extensive redesign and building rework and significant capital costs.

- Aquatic Centre: two stacked boilers and two stacked domestic water heaters would need to be installed in the existing basement mechanical room. Installation costs are estimated at $289,900.

- Community Centre: the current Energy Transfer Station (ETS) room of approx. 620 sq. ft. located on ground floor would need to be replaced with a mechanical plant of approx. 800 sq. ft. located in the basement and a fenced cooling tower well located on roof level. Replacement costs are estimated at $598,000.

The City would also be responsible for operating and maintaining the boiler and chiller systems in each facility and have less floor area for other uses. For a 25-year term, operating, repairs and maintenance costs are estimated to be $551,700 (avg. $22,100 per year) for Regent Park Children and Youth Hub, $660,140 (avg. $26,400 per year) for the aquatic centre and $1,342,300 (avg. $53,700 per year) for the community centre.

**Funding Sources**

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<th>2010</th>
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<tr>
<td>Total</td>
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<td>$234.4</td>
<td>$312.5</td>
<td>$300.2</td>
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Staff report for action on Agreements regarding the new Regent Park Community Centre
Aquatic Centre and Children and Youth Hub
Regent Park Children and Youth Hub

The financial impact to the Children’s Services Capital Budget is attributable to the increase capital costs for the heating and cooling infrastructure for the Regent Park Children and Youth Hub. Specifically, an additional $478,400 is required for the Regent Park Children and Youth Hub project in 2010, which results in an increase in the overall project cost to $5,875,000 from $5,397,000. Cash flow requirements in 2010 will increase from $4,857,000 to $5,335,000, with the 2011 cash flow remaining at $540,000. The $478,400 cost increase is recommended to be funded as follows: $244,000 (51%) from TCHC, and the remaining $234,400 (49%) from the Green Energy Fund. The funding of $234,400 from the Green Energy Fund is a loan from the Sustainable Energy Plan Program and will be repaid over a 20-year period at 0% interest. Loan repayments will be included in future years' Operating Budget submissions for Children's Services. Future Operating Budget submissions will also include the applicable revenue from tenants to offset their corresponding portion of the loan replacement.

Aquatic Centre and Community Centre

The financial impacts to the Parks, Forestry and Recreation Division are in reference to the required capital costs for provision of heating and cooling infrastructure to the aquatic centre and community centre of the Phase 2 Regent Park Revitalization Project. Specifically, $612,700 is required in 2011 to provide the heating and cooling services for the aquatic centre; $312,500 or 51% of the required funding will be included in the 2011 Capital Budget submission for Parks, Forestry and Recreation, within the established debt targets; and $300,200 or 49% of required funding will be funded through a loan from the Green Energy Fund. Required costs for provision of heating and cooling infrastructure to the community centre of Phase 2 Regent Park Revitalization Project are $1,077,000; $549,200 or 51% of the required funding will be included in the 2012 Capital Budget submission for Parks, Forestry and Recreation, within the established debt targets; and $527,600 or 49% of required funding will be funded through a loan from the Green Energy Fund. Loan repayments for both projects will be included in future years' Operating Budget submissions for Parks, Forestry and Recreation and repaid over a 20 year period at 0% interest.

The operating costs for the aquatic centre and community centre, which are scheduled to open in 2011 and 2012, respectively, will be submitted for consideration as part of the 2011 and 2012 Operating Budget submissions for Parks, Forestry and Recreation.

Toronto Green Energy Fund, Sustainable Energy Plan

Children’s Services and Parks, Forestry and Recreation Divisions have submitted a ‘Notice of Intent to Apply’ to the Sustainable Energy Plan Program to partially finance the capital costs of the heating and cooling systems through the Green Energy Fund.

The Toronto Green Energy Fund was created as part of the Climate Change, Clean Air and Sustainable Energy Action Plan. The Fund provides low-interest financing to help overcome the
barrier created by high upfront costs for energy efficiency measures in buildings (new or retrofitted), and renewable energy projects.

### Annual Loan Repayments

The following tables show loan repayment schedules for Regent Park Children and Youth Hub, Aquatic Centre and Community Centre.

<table>
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<th>Facility</th>
<th>Annual Loan Repayment ($000's)</th>
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<tbody>
<tr>
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<td>$11.7</td>
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<tr>
<td>Aquatic Centre</td>
<td>$-</td>
</tr>
<tr>
<td>Community Centre</td>
<td>$-</td>
</tr>
<tr>
<td>Total</td>
<td>$11.7</td>
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<table>
<thead>
<tr>
<th>Facility</th>
<th>Annual Loan Repayment ($000's)</th>
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<tr>
<td></td>
<td>2022</td>
</tr>
<tr>
<td>Regent Park Children and Youth Hub</td>
<td>$11.7</td>
</tr>
<tr>
<td>Aquatic Centre</td>
<td>$15.0</td>
</tr>
<tr>
<td>Community Centre</td>
<td>$26.4</td>
</tr>
<tr>
<td>Total</td>
<td>$53.1</td>
</tr>
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</table>

The loan repayments will be justified by the avoided consumption and operating and maintenance cost. Consumption cost savings are estimated to be $187,155 for Regent Park Children and Youth Hub, $346,270 for the Aquatic Centre, and $286,146 for the Community Centre for a total of $819,570 over a 25-year term. Avoided operating and maintenance costs are estimated to be $551,700 (avg. $22,100 per year) for Regent Park Children and Youth Hub, $660,140 (avg. $26,400 per year) for the aquatic centre, and $1,342,300 (avg. $53,700 per year) for the community centre for a total of $2,554,140 over a 25-year term.

### District Energy System Maintenance Costs

Regent Park Energy Inc. (RPE Inc.) will be responsible for the installation and maintenance of its central energy plant, all underground hot and cold water pipes to and from each facility, along with the heat exchangers that RPE Inc. will install within the energy transfer station rooms built within each facility (i.e. the equipment replacing what would normally be boilers or chillers).

The City will be responsible for the ongoing operations and maintenance of the mechanical distribution systems throughout each facility that tie into RPE Inc.’s heat exchangers (i.e. the systems that distribute hot or chilled water or distribute conditioned air throughout each facility). The costs of maintaining the mechanical distribution systems are $0.20-$0.25 per square foot and will total approximately $3,750 per year for the Regent Park Children and Youth Hub (15,000 sq. ft), $7,750 per year for the Aquatic Centre (31,000 sq. ft) and $13,915 per year for the Community Centre (55,660 sq. ft). Required maintenance funding will be submitted for consideration as part of the future year’s Operating Budget submission for Children's Services and Parks, Forestry and Recreation. The City will have no maintenance costs for the heating and cooling system that is exterior to the building.
**Lease Agreements with Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre**

Having been displaced by revitalization, the Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre must move to 38/40 Regent Street which results in increased occupancy costs for both organizations beyond their rent in the previous spaces. In an effort to assist these displaced organizations in budgeting for the increase in annual estimated operating and maintenance costs, Children's Services has agreed to make a one-time contribution of $14,503.73 for the last quarter of 2010. This contribution will be absorbed within the 2010 Operating Budget for Children's Services.

As part of the 2011 Operating Budget process, a framework will be developed to deal with the City's contributions to stabilize these and other below-market rent organizations to ensure that they are in full compliance with the Below Market Rent (BMR) policy provision on additional rent. Should Council agree to assist these BMR tenant organizations at 38/40 Regent Street phase in the higher occupancy costs for a 36 month period, an additional $106,464 would be required over 2011, 2012 and 2013.

The proposed Agreement with Regent Park Community Health Centre assumes a net lease of approximately 5,283 square feet of space on the second floor of 40 Regent Street for nominal consideration. The proposed Agreement with Regent Park Focus Youth Media Arts Centre assumes a net lease of approximately 4,452 square feet of space in the basement of 40 Regent Street for nominal consideration.

In accordance with the City’s “Policy on City-Owned Space Provided at Below Market Rent,” the opportunity costs of entering into the Below-Market Rent agreement must be determined and reported to City Council. Research indicates that the present value of the total opportunity cost of the BMR lease with Regent Park Community Health Centre over the 5-year term is approximately $298,043. The present value of the total opportunity cost of the BMR lease with Regent Park Focus Youth Media Arts Centre over the 5-year term is approximately $209,301.

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

**DECISION HISTORY**

City Council, at its meeting of April 28 and 29, 2008, adopted Government Management Committee Item GM13.20 titled “Acquisition of a Portion of 30 Regent Street” from the Chief Corporate Officer, approving the purchase of part of 30 Regent Street (now known as 40A Regent Street) from TCHC for nominal consideration for a child care centre.


City Council, at its meeting of July 19, 20, 21 and 26, 2005, adopted Policy and Finance Committee Report 7, Clause 3, from the City Manager and the Deputy City Manager and Chief Financial Officer entitled “Regent Park Revitalization – Financial Strategy (Ward 28)” which
identified the District Energy System/Facilities as integral to future operating cost avoidance and sustainability.


City Council, at its meeting on October 1, 2, and 3, 2002, adopted Policy and Finance Committee Report 13, Clause 1, titled “Policy for City-Owned Space Provided at Below-Market Rent” rationalizing how City-owned space is provided to community and cultural organizations.

Through four subsequent reports, City Council refined the BMR policy to increase effectiveness and ensure greater access to community organizations that deliver City programs and services or provide functions that are consistent with Council objectives. The most recent report adopted by City Council was at its meeting of November 19 and 20, 2007, referenced as Executive Committee Item EX13.3 and titled “Providing City-Owned Space to Community Organizations at Below-Market Rent.”


ISSUE BACKGROUND

The Regent Park Revitalization is a City priority, coordinated by the Toronto Community Housing Corporation (TCHC) requiring the City to support the renewal of the community infrastructure. This initiative includes a provision for a District Energy System (DES) to serve the redeveloped community. The TCHC has successfully completed a joint venture with Corix Utilities Inc. to own and operate Regent Park Energy Incorporated (RPEI) which will provide thermal energy (hot and cold water for space heating and cooling, and for domestic hot water heating) to all of the new TCHC buildings in the Regent Park redevelopment area, including both Parks, Forestry and Recreation’s and Children’s Services’ new facilities.

Thermal energy will be supplied from TCHC’s new Central Energy Plant (CEP) which has been constructed in the P4 level of the TCHC-owned building on the north-west corner of Dundas and Sackville Streets. Hot water and chilled water for Phase 1 of the residential redevelopment (now completed) is generated in highly efficient boilers and chillers. TCHC expects that in subsequent phases, other energy conversion and recovery technologies will be employed, together with thermal storage. These technologies may include heat recovery from chillers, Combined Heat and Power (CHP, also known as cogeneration), absorption chilling, solar thermal collectors, ground source heat pumps, bioenergy and fuel cells.
The DES is a system for harvesting and distributing renewable energy; it is a venture rooted in environmental sustainability and economic viability. The DES offers substantial benefits through energy cost savings, lower long-term maintenance costs, and importantly, the contribution to the broader goal of reducing energy consumption and the production of greenhouse gases. The goals of the DES are consistent with the City of Toronto’s corporate goals of being a leader in environmentally sustainable initiatives. The DES would also meet broader sustainability objectives, and is considered to be consistent with environmental initiatives of the three orders of government.

The DES and the Regent Park Children and Youth Hub

Children’s Services signed a turn-key design/construction contract with TCHC committing to use the district energy system at the 30 Regent Street (now known as 38/40 Regent Street) facility. The design of the Regent Park Children and Youth Hub was based on energy supplied by the District Energy System as a result of Toronto Community Housing Corporation having had responsibility for the design. The Regent Park Children and Youth Hub is currently under construction with completion expected this fall.

Once the construction of the building had begun, TCHC determined that various easements are required for the District Energy System and Toronto Hydro. Location and area of these easements are yet to be defined; however because of City Council’s schedule, and in order to not hold up the project, the area of the easement and the terms and conditions will be subject to the satisfaction of the General Manager of Children’s Services and the City Solicitor. Land Transfer Tax (LTT) will also increase due to the change of status of the property, from vacant land to a property with a building. TCHC has agreed to pay any additional LTT over the previously approved amount of $11,637.50 based on a reasonable amount of value as agreed to by the parties.

The DES and the Regent Park Aquatic Centre

The Aquatic Centre has been designed without boilers, smaller mechanical room, etc., to make use of energy supplied by the District Energy System. The design is now complete, and the construction contract has been tendered and awarded to a general contractor with construction mobilization starting in July, 2010.

The DES and the Regent Park Community Centre

The new community centre has been designed in a similar manner, although the design is less advanced. The Community Centre is being designed to utilize the DES and will share an energy transfer station with the Toronto District School Board, which intends to use the DES energy for its renovated Nelson Mandela Park School – the City’s major partner in the community “hub” that will be created from the co-joined community centre and school at the site. TDSB staff will recommend entering into an agreement with Regent Park Energy Inc. in an upcoming report to the TDSB Board.
BMR Lease Agreements with Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre

As a result of the Regent Park Revitalization initiative, the City-operated Regent Park Child Care Centre, Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre are losing their current locations within the community. To enable the development initiative, at the same time to retain existing community services in the Regent Park area, the City of Toronto agreed to purchase part of the 40 Regent Street property from TCHC in 2008 for the Regent Park Child Care Centre and for the intended occupancy of Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre under below-market rent leases.

COMMENTS

The DES is a flagship component of the Regent Park Revitalization and is anticipated to set the standard for development of district energy systems in future TCHC and private development projects across the City.

Key Benefits of the Regent Park DES:

1. Green and Clean Energy

The Regent Park DES will play an important role in reducing emissions for individual buildings and lowering overall regional emissions associated with grid electricity. The Combined Cooling and Heating Plant is small, on-site, and clean. As part of the mix of the central energy conversion technology, the CHP system can use any type of fuel, and therefore adapt to changing technologies in fuel consumption.

2. Permits Simplified Building Design

DES connection will increase floor area by eliminating building equipment such as boilers, furnaces, chillers, air-conditioners, cooling towers, evaporative condensers, stacks, and natural gas service and lightening of required electric service and save money, space and complexity in building design giving greater architectural freedom.

3. Stabilized Energy Costs and Energy Efficiency

A DES connection protects users from the price volatile components of energy costs associated with natural gas and electricity. The DES also lowers costs by reducing consumption and introducing the ability for partial self-generation. Unlike conventional systems, the DES provides price protection by being able to hedge its commodity purchases, or switch fuels, sources of energy and methods of conversion or recovery in response to opportunities in markets and technology. Although the DES will initially be powered by natural gas, the DES will use natural gas to generate electricity, a more effective use of the resource than using it for simple heating.
4. Avoided Capital and Maintenance Cost

Connecting to the DES eliminates the requirement for boiler and chiller systems in each building and typically leaves more floor area for other uses. This savings has the potential to offset costs related to creating more energy efficient buildings.

5. Economic Benefits

Users of the DES will benefit from reduced consumption of natural gas and electricity, as well as reduced maintenance costs related to the refurbishment of in-building energy conversion systems, which have higher maintenance and shorter lives than the utility grade equipment built into the DES.

6. Supports the Local Community and Builds Community Infrastructure

The DES, infrastructure built and operated locally, recycles dollars within the local economy. This combined with reduced economic leakage from the community by being less dependent on gas and electricity will make Regent Park a more viable community in the long-term.

The goals of the DES are consistent with the City of Toronto’s corporate goals of being a leader in environmentally sustainable initiatives. The DES would also meet broader sustainability objectives, and is considered to be consistent with all three orders of government’s environmental policies and initiatives.

**BMR Lease Agreements with Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre**

Following City Council approval of the Regent Park Social Development Plan in 2007, the Regent Park Revitalization initiative found an opportunity to consolidate complementary community services and supports for improved efficiency and convenience in the displacement of Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre from their current locations. This provided the impetus for the creation of the Children and Youth Hub that also includes the Regent Park Child Care Centre.

The Regent Park Community Health Centre and the Regent Park Focus Youth Media Arts Centre are both long-standing, effective organizations in the community. The Health Centre operates the Parents for Better Beginnings (PFBB) program which has the mandate of conducting community outreach in the areas of health and childhood development. For 20 years, PFBB have been providing pre- and post-natal, parent-child and school readiness groups from 33 Belshaw Place, now slated for demolition. Since 1990, Regent Park Focus, a leading grassroots youth organization in Toronto, has been engaging young people through participation in media arts activities such as live radio broadcast, storytelling, poetry and music, high quality arts instruction and gallery exhibitions, music recording, photography and other arts activities. Their 600 Dundas Street East location will also be demolished in the Phase 2 of the revitalization initiative.
In order to continue providing these well-entrenched programs and services in the community, both the Health Centre and Regent Park Focus are being located to BMR City spaces at 40 Regent Street under the new lease agreement. City Council authority to authorize their below-market rent and to contribute to the escalated operating costs for both organizations as result of their relocation for a fixed period of time is required to maintain service levels to residents of Regent Park.

The Agreement of Purchase and Sale

The amending agreement will enable the completion of the acquisition to the satisfaction of both the vendor, TCHC, and the purchaser, the City, at no additional cost to the City.

CONTACT

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Joe Casali, Director of Real Estate Services, Tel: 416-392-7202, Fax: 416-392-1880, Email jcasali@toronto.ca

Denise Andrea Campbell, Director, Community Resources, Tel: 416-392-8608, Fax: 416-392-8492, Email dcampbe6@toronto.ca

SIGNATURE

__________________________________________  _________________________________________
Brenda Patterson                                      Elaine Baxter-Trahair
General Manager, Parks, Forestry and Recreation                     General Manager, Children Services

__________________________________________
Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix “A” - Location Map
Appendix “B” - Terms and Conditions of Amending Agreement
Appendix “C” - Terms and Conditions of BMR leases
Appendix “A” - Location Map – 40 Regent Street
APPENDIX “B”

Terms and Conditions of the Amending Agreement
40 Regent Street (formerly Part of 30 Regent Street)

1. The title to the Property shall be subject to such hydro and district energy easements on terms and conditions as approved by the General Manager, Children’s Services and Chief Corporate Officer and in form acceptable to the City Solicitor;

2. All Land Transfer Tax over and above the originally budgeted amount of $11,637.50 and payable on closing, based on a reasonable assessment of value as agreed to by the parties, shall be paid by TCHC to the City on or before Closing.

3. The City provide such consents as may be required pursuant to the Restrictive Covenant defined in the APS to enable the registration of the hydro and district energy easements on or before the Closing, if required.

4. Section 11.2 of the APS is deleted and the following is substituted:
"11.2 All Warranties under this Agreement shall be correct and true as of Closing."

5. All other terms and conditions of the APS shall remain the same and time shall remain of the essence.
APPENDIX C
Major Terms and Conditions
Below Market Rent Lease Agreements at 40 Regent Street

Landlord:

City of Toronto

Tenants:

Regent Park Community Health Centre
Regent Park Focus Youth Media Arts Centre

Premises:

Comprising an area totalling approximately 9,735 square feet of space on the 2nd floor (approximately 5,283 Sq. Ft. - Regent Park Community Health Centre) and basement (approximately 4,452 Sq. Ft. – Regent Park Focus Youth Media Arts Centre) of the property municipally known as 40 Regent Street, Toronto, Ontario.

Commencement Date:

The Commencement Date shall be the later of October 1, 2010 and completion of the building.

Term:

The Term of each Lease shall be five (5) years from the Commencement Date.

Annual Net Rent:

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

Net Lease:

Each Tenant shall be responsible for all applicable realty taxes, building insurance, utilities, operating costs, repairs and maintenance.

Use:

The Leased Premises (Regent Park Community Health Centre) shall be used and shall continually be operated throughout the term to deliver the Parents for Better Beginnings program to the target population of the Regent Park community. The space will serve both as an office, information and resource centre and facility for holding different group sessions, educational activities, child development clinic and pre-school speech and language services as set out in its Service Contract with the Landlord’s Social Development, Finance & Administration Division.

The Leased Premises (Regent Park Focus Youth Media Arts) shall be used and shall continually be operated throughout the term as an office to deliver arts programs to the youth and as facilities for these programs including a video production studio, a
photography dark room, exhibition/gallery space for a variety of completed art forms, computer room, music recording room and for training purposes as set out in its Service Contract with the Landlord’s Social Development, Finance & Administration Division.

Neither Tenant shall be permitted to store or use any hazardous or environmentally sensitive materials in their respective premises and the property.

**NSF Charges:**

Each Tenant will pay Thirty-Five dollars ($35.00) for every cheque that is not honoured by the bank on which it is drawn (the “NSF Fee”). The NSF Fee may be increased from time to time by the Landlord so that it is equal to the fee charged by the Landlord in respect of cheques tendered in payment of municipal tax and water charges that are not honoured by the banks on which they are drawn.

**Late Payment Charges:**

For any late amount by each Tenant, interest on the amount outstanding from time to time shall bear simple interest at the rate of 1.25% per month (15% per year). Subject to City Council approval, the default rate of interest may be increased by the Landlord from time to time, by notice to the Tenant.

**Early Termination:**

The Landlord shall have the right to terminate either lease agreement if either Tenant is, at any time during the lease term including any renewals and extensions thereafter, no longer BMR 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 BMR eligibility criteria. A termination resulting from a failure to remain BMR eligible shall not result in contractual damages for the Tenant notwithstanding any balance remaining in the term of the lease agreement; or

The Landlord shall have the right to terminate either Lease for any purpose at any time during the lease term and any renewal/extension thereafter upon providing the Tenant with three (3) month’s prior written notice.

**Standard Lease:**

At the appropriate time, the parties agree to expeditiously execute a Lease in the Landlord’s Standard Form, acceptable to the Landlord’s solicitor.

**Insurance:**

Each Tenant is to provide prior to the commencement of the term of this agreement and on an annual basis, proof of insurance in accordance with the Landlord’s insurance requirements outlined in the Lease.