



STAFF REPORT ACTION REQUIRED

Toronto Employment & Social Services Office Lease Renewal – 1225 Kennedy Road

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| Date: | January 31, 2012 |
| To: | Government Management Committee |
| From: | Chief Corporate Officer |
| Wards: | 37 – Scarborough Centre |
| Reference Number: | P:\2012\InternalServices\RE\Gm12009re (AFS# 14068) |

SUMMARY

The purpose of this report is to obtain City Council authority to enter into a Lease Renewal Agreement ("Renewal Agreement") with 1225 Kennedy Holdings Inc. (the "Landlord") for use of approximately 28,931 square feet of area within the building known municipally as 1225 Kennedy Road (the "Premises") for a term of six (6) years ("Renewal Term").

Toronto Employment & Social Services plans to continue to occupy the Premises where it provides employment services, financial benefits and social supports to the community.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council authorize the Chief Corporate Officer to enter into a Renewal Agreement with the Landlord for use of the Premises, substantively on the terms and conditions set out in Appendix "A", and on such other terms and conditions as approved by the Chief Corporate Officer, or his or her designate, and in a form acceptable to the City Solicitor.

2. City Council authorize the Chief Corporate Officer or his designate shall administer and manage the Renewal Agreement including the provision of any consents, approvals, waivers, notices of termination provided that the Chief Corporate Officer may, at any time refer consideration of such matter to City Council for its determination and direction.
3. The appropriate City Officials be authorized and directed to take whatever action necessary to give effect thereto.

FINANCIAL IMPACT

The total cost to the City over the entire Renewal Term inclusive of minimum rent, operating costs, utilities and realty taxes will be approximately \$2,420,322.00 plus HST. Funding is available in the 2012 Operating Budget for TESS and will be accommodated for in future budgets

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

DECISION HISTORY

At its February 17, 1987 meeting, the former Metropolitan Toronto Council adopted the recommendations of the Parks, Recreation and Property Committee Report No. 2 Clause No.9 authorizing staff to negotiate a lease agreement, for a term of five (5) years, commencing April 1, 1987, with an option to renew for a further two years, with the previous Landlord for the establishment of the Scarborough West Social Service Office.

At its February 25, 1992 meeting, the former Metropolitan Toronto Council adopted the recommendations of The Management Committee Report No. 10 (17) to renew the Lease for a further term of two (2) years commencing April, 1992, with an additional optional term of two years.

At its October 13 & 14, 1993 meeting, the former Metropolitan Toronto Council adopted the recommendations of Management Committee Report No. 39 (9) authorizing staff to renew the lease for an additional term of five years, commencing April 1, 1994, with an option to renew for a further term of two years, and amend the lease by providing for additional space of 371.6 square metres (4,000 square feet) adjacent to the existing premises as of January 1, 1994.

At its July 29, 30, & 31, 1998 meeting, City of Toronto Council adopted the recommendations of Corporate Services Committee Report No. 11 (1) by Delegated Approval Form No. 1999-032 and approved City staff to renew the lease for a further period of three years.

This agreement was subsequently made null and void in August of 1999 and was replaced by a new agreement effectively renewing the Lease for a five year term commencing October 1, 1999 and expiring on September 30, 2004. The lease had been voided in favour of a new agreement in order to reflect a 9,000 square foot expansion of the existing space, authorized under the authority of Delegated Approval Form No. 1999-136.

The City approved exercising the renewal option for a further term of five years commencing October 1, 1999 and expiring September 30, 2004, with option to renew for a further term of five (5) years, under the authority of Delegated Approval Form Tracking No. 2004-037.

The City approved renewing the lease agreement for a further term of five (5) years commencing October 1, 2004 and expiring September 30, 2009, with option to renew for a further term of five (5) years less a day, under the authority of Delegated Approval Form Tracking No. 2004-104.

This item was considered by Government Management Committee on September 15, 2011. Consideration of the item was deferred until such time as the Core Services Review had been completed. Following the Core Services Review and the passing of the 2012 Operating Budget, Toronto Employment and Social Services have indicated the facility will still be required and have asked that the lease renewal be completed.

ISSUE BACKGROUND & COMMENTS

On the 17th day of February, 1987, the former Metropolitan Toronto Council adopted Clause No. 9 of Report No. 2 of the Parks, Recreation and Property Committee authorising a five (5) year lease at 1225 Kennedy Road for the establishment of a Social Service Area Office. Post amalgamation the facility became an office of Toronto Employment and Social Services (TESS).

The facility is presently known as Kennedy Employment and Social Services and is one of only three such offices within the former City of Scarborough. The office services a wide catchment area bounded by the lake on the south, Victoria Park Avenue on the west, Highway 401 to the north, and approximately McCowan Road to the east. TESS confirms that the premises are required for the renewal term. Real Estate Services Staff have negotiated a six (6) year renewal based on the terms as set out in Appendix "A".

At its meeting of May 17, 18 & 19, 2011, City Council approved GM3.13 which declared twenty two City leased locations to be Municipal Capital Facilities. The subject of this report, 1225 Kennedy Road, was one of the locations declared a Municipal Capital Facility. Removing the realty tax component at this facility will save Toronto Employment & Social Services approximately \$9,100.00 per month when fully implemented.

Real Estate Services Staff consider the terms and conditions of this proposed Lease Renewal, as detailed in Appendix "A", to be fair and reasonable, and at market rates.

CONTACT

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix "A" – Major Terms & Conditions
Appendix "B" – Location Maps