Extension of Lease for Lands at Dynamic Drive

<table>
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<tr>
<th>Date:</th>
<th>September 17, 2013</th>
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<tr>
<td>To:</td>
<td>Government Management Committee</td>
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<tr>
<td>From:</td>
<td>Chief Corporate Officer</td>
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<td>Wards:</td>
<td>Ward No. 41 – Scarborough – Rouge River</td>
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<td>Reference Number:</td>
<td>P:\2013\Internal Services\RE\Gm13024re (AFS#18245)</td>
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**SUMMARY**

The purpose of this report is to obtain Council’s authority to enter into a lease extension agreement with Canadian Pacific Railway Company (“CP Rail”) for approximately 6,000 square feet of land located immediately west of 125 Nashdene Road and abutting East Highland Creek.

**RECOMMENDATIONS**

The Chief Corporate Officer recommends that:

1. City Council authorize a lease extension agreement for 6,000 square feet of land located south of Nashdene Road and east of East Highland Creek with CP Rail for a five (5) year term commencing May 1, 2013 and expiring April 30, 2018, substantially on the terms and conditions set out in the attached Appendix "A", and on such other terms and conditions as may be deemed appropriate by the Chief Corporate Officer ("CCO"), or his or her designate, and in a form acceptable to the City Solicitor;

2. City Council authorize the City Solicitor to complete the lease extension agreement, 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;
3. City Council authorize the CCO to administer and manage the lease extension agreement, including the provision of any consent, approvals, notices and notices of termination, provided that the CCO may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction; and,

4. City Council authorize the CCO & Director of Real Estate Services to severally execute the lease extension agreement on behalf of the City.

**Financial Impact**

The total revenue from this lease extension over the 5 year term, commencing May 1, 2013 is $27,500 (net of HST), as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Revenue</th>
<th>Total Revenue</th>
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<tr>
<td>Years 1 to 5</td>
<td>$5,500.00</td>
<td>$27,500.00</td>
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The expected revenue represents an annual increase of 22% from the previous lease extension agreement dated 2003 or a $5,000.00 increase over the previous five year extension.

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

**DECISION HISTORY**

The City of Toronto (formerly the City of Scarborough) owns the closed road allowance between Lots 17 and 18, Concession 4. A watercourse is situated upon a portion of the closed road allowance located south of Nashdene Road. By the Authority of Recommendation No. 11 embodied in Report No. 15 of the Administration Committee, adopted by the Council of the former City of Scarborough on June 10, 1991, a lease was entered into with CP Rail for the use of 6,000 square feet of land for the purpose of driveway access to its adjacent auto compound south of 125 Nashdene Road.

The original lease agreement was renewed on several occasions and most recently in May 2003 under the Authority of DAF# 2003-076.

Since the original lease, recent lease and subsequent lease extension agreements resulted in a cumulative occupancy of the property by the same tenant for a period exceeding 21 years, the property was declared surplus by DAF# 2011-052. The subject leased lands were declared surplus for the purpose of extending the lease with CP Rail beyond the 21 cumulative years.
ISSUE BACKGROUND

With the cumulative occupancy of the property by the same tenant for a period exceeding 21 years, Council authority is required to enter into any further lease extension agreements.

COMMENTS

The annual rental rate for this lease extension is considered fair and reasonable and is indicative of current market rents for similar leased lands and uses. The rate was established based on market rate analysis conducted by Real Estate Service appraisal staff. The lease extension agreement contains an early termination clause whereby either party shall have the right to terminate the lease with twelve (12) months prior written notice.

CONTACT

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SIGNATURE

________________________________
Josie Scioli
Chief Corporate Officer

ATTACHMENTS

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