



STAFF REPORT ACTION REQUIRED

Renewal of Below Market Rent Lease Agreement at 1 Dundas Street East

Date:	March 23, 2015
To:	Government Management Committee
From:	Chief Corporate Officer and General Manager, Economic Development and Culture
Wards:	Ward 27 – Toronto Centre-Rosedale
Reference Number:	P:/2015/Internal Services/RE/Gm15012re (AFS 20897)

SUMMARY

The purpose of this report is to obtain City Council authority to renew a Below Market Rent lease agreement with the Toronto Performing Theatre Alliance operating as Toronto Alliance for the Performing Arts ("TAPA") for approximately 300 square feet of City-owned space located at 1 Dundas Street East in Ward 27 – Toronto Centre Rosedale in Yonge-Dundas Square.

RECOMMENDATIONS

The Chief Corporate Officer and General Manager, Economic Development and Culture, recommends that:

1. City Council authorize the renewal of a Below Market Rent (BMR) lease agreement with Toronto Performing Theatre Alliance for a five (5) year term, based on the terms and conditions set out in the attached Appendix "A", and other terms and conditions deemed appropriate by the Chief Corporate Officer, and in a form acceptable to the City Solicitor.
2. City Council grant an exemption from the Return on Investment (ROI) requirement as the tool is under development with Social Development, Finance and Administration Division.
3. City Council authorize the City Solicitor to complete the lease, 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.

4. City Council authorize the Chief Corporate Officer, or her designate, 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

The proposed BMR lease agreement with Toronto Performing Theatre Alliance assumes a lease of 300 square feet of space located at 1 Dundas Street East for a nominal net rent consideration. All operating costs related to the space will be paid by the tenant, resulting in no operating cost to the City of Toronto, so long as the tenant pays on time.

In accordance with the City's Policy on City-Owned Space Provided at Below Market Rent, the opportunity costs of entering into each of these lease agreements must be determined and reported to City Council. Research indicates that the present value of the total opportunity cost of the Toronto Performing Theatre Alliance's lease agreement over the course of a 5-year lease term is \$725,000.

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

DECISION HISTORY

At its meeting on October 1, 2, and 3, 2002, Council adopted "A Policy for City-Owned Space Provided at Below Market Rent" as the first step in rationalizing how City-owned space is provided to community and cultural organizations.

(<http://www.toronto.ca/legdocs/2002/agendas/council/cc021001/pof13rpt/cl001.pdf>.)

At its meeting on November 27 2012, City Council directed the Executive Director, Social Development, Finance and Administration to develop a measure of "Return on Investment" (ROI) for the City Space at Below Market Rent Program (BMR). This is currently under development with SDFA

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX25.7>)

At its meeting on June 8 and 9, 2010, City Council authorized a five year BMR lease agreement with Toronto Performing Theatre Alliance at 1 Dundas Street East.

(<http://www.toronto.ca/legdocs/mmis/2010/gm/bgrd/backgroundfile-30117.pdf>).

ISSUE BACKGROUND

Toronto Performing Theatre Alliance was incorporated in 1980 as a corporation without share capital operating on a not-for-profit basis. It is an arts service organization representing nearly 200 professional theatre, dance and opera companies in the City of Toronto, including commercial and not-for-profit companies. Presently, it operates under the name Toronto Alliance for the Performing Arts ("TAPA").

TAPA has operated “T.O. TIX Booth – Toronto’s One-Stop Ticket Shop” since 2002 from the leased premises at 1 Dundas Street East. T.O. TIX is a central ticketing outlet providing half-priced and discounted tickets on the day of a performance. During the 2013-2014 season, T.O. TIX sold more than 13,000 members tickets with \$399,323.48 in ticket revenue returned to TAPA Members.

TAPA's existing lease agreement with the City expires on April 30, 2015. An eligibility review and performance assessment was conducted in February of 2015, and the organization is eligible to continue occupying their City owned space as a BMR tenant. Council authority is required to renew the BMR lease agreement with this organization.

COMMENTS

The City has a long history of supporting the community-based service sector and cultural organizations through the provision of space for administrative and program delivery purposes.

TAPA qualifies for Below-Market Rent space from the City as they meet the eligibility criteria (i.e. incorporated as a not-for-profit corporation with charitable status; its activities support City objectives; it serves City residents; and the organization’s mandate is not the responsibility of senior levels of government). The organization is a recipient of operating funding from the Toronto Arts Council.

The proposed BMR lease agreement would allow Toronto Performing Theatre Alliance to continue to provide their valuable services to the City’s tourists and residents for the foreseeable future.

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SIGNATURE

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ATTACHMENTS

Appendix “A” – Major Terms & Conditions
Appendix "B" – Location Map