



STAFF REPORT ACTION REQUIRED

Extension of Lease for Lands at Dynamic Drive

Date:	August 27, 2015
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	Ward No. 41 – Scarborough – Rouge River
Reference Number:	P:\2015\Internal Services\RE\Gm15026re (AFS#21572)

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 the City Solicitor 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.
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:

Year	Annual Revenue	Total Revenue
Years 1 to 5	\$5,500.00	\$27,500.00

The expected revenue represents an 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 & 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

This report has been written in consultation with Transportation Services staff. Transportation Services staff have informed Real Estate Services that they have consulted with CP Rail staff and are satisfied that the emergency, health and safety issues have been adequately addressed. The CP contact information has been provided and a protocol for addressing future issues between the City and CP Rail has been established.

Initially because of the concerns raised by Transportation Services, the lease was temporarily not renewed as all issues had to be worked out. As a result, the lease will be dated back to May 1, 2013. 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

Appendix "A"-Major Terms and Conditions

Demised Lands:

Approximately 6,000 square feet of land located immediately west of 125 Nashdene Road and abutting East Highland Creek.

Tenant:

Canadian Pacific Railway Company

Term:

Five (5) year extension, commencing on May 1, 2013 and expiring on April 30, 2018.

Annual Basic Rent:

\$5,500.00 per annum plus HST

Use:

Driveway access to adjacent CP Rail auto compound located south of 125 Nashdene Road.

Other Terms:

Both parties have right to terminate the lease with at least twelve (12) months written notice.

Appendix "B" - Location Map

