



DELEGATED APPROVAL FORM
CITY MANAGER
DEPUTY CITY MANAGER & CHIEF FINANCIAL OFFICER

TRACKING NO.: 2017-211

Approved pursuant to the Delegated Authority contained in Executive Committee Item EX43.7 entitled "Delegation of Authority in Certain Real Estate Matters" adopted by City Council on May 11 and 12, 2010 (Confirmatory By-law No. 532-2010, enacted on May 12, 2010), as amended by GM24.9 entitled "Minor Amendments to Delegation of Authority in Certain Real Estate Matters" adopted by City Council on October 8, 9, 10 and 11, 2013 (Confirmatory By-Law No. 1234-2013, enacted on October 11, 2013), as amended by DAF 2013-307 and DAF 2014-087; and further amended by EX44.22 entitled "Strategic Property Acquisitions" adopted by City Council on August 25, 26, 27 and 28, 2014 (Confirmatory By-law No. 1074-2014, enacted on August 28, 2014) and further amended by GM16.16 entitled "Transit Shelter Property Acquisitions" adopted by City Council on December 13, 14 and 15, 2016 (Confirmatory By-Law No. 1290-2016, enacted on December 15, 2016).			
Prepared By:	Sean Shahi	Division:	Real Estate Services
Date Prepared:	August 11, 2017	Phone No.:	416-338-2745
Purpose	To obtain authority to enter into a Sublease Agreement between the City of Toronto as sub-landlord, and Her Majesty the Queen in Right of Ontario as represented by The Minister of Infrastructure as sub-tenant, for a sublease term of two (2) year and ten (10) months, for part of the City-leased facility at 1880 Eglinton Avenue East, for the purposes of co-locating Toronto Employment Social Services ("TESS") and Ontario Disability Support Program ("ODSP").		
Property	1880 Eglinton Ave. East, part of Unit 139C. (See Appendix A for location map and Appendix B for space allocation).		
Actions	<ol style="list-style-type: none"> 1. Authority be granted to enter into a Sublease Agreement between the City of Toronto (as sub-landlord) and Her Majesty the Queen in Right of Ontario as represented by The Minister of Infrastructure (as sub-tenant) for a sublease term of two (2) year and ten (10) months, commencing on November 01, 2017 and expiring on August 30, 2020, substantially on the terms and conditions herein, and on such other terms and conditions as may be satisfactory to the Chief Corporate Officer or designate, and in a form acceptable to the City Solicitor 2. The Chief Corporate Officer ("CCO") or her designate, administer and manage the Sublease Agreement including the provision of any consents, approvals, amendments, waivers, notices and notices of termination provided that the CCO may, at any time, refer consideration of such matters to City Council for its termination and direction; and, 3. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto necessary action to give effect thereto. 		
Financial Impact	<p>The Sublease Agreement will generate revenue of \$649,822.00 (plus HST) or \$661,258.87 (net of HST recoveries) to the City for the Sublease term of Two (2) years and ten (10) months. This figure includes the payment by the sub-tenant of basic rent and additional rent in the form of a proportionate share of the operating costs and the realty taxes (if applicable) for the building. If the sub-tenant exercises the two (2) options for extending the sublease of five (5) years each, the additional revenue to the City would be \$2,329,960.00 (plus HST) or \$2,370,967.30 (net of HST recoveries) for a total revenue of \$2,979,782.00 (plus HST) or \$3,032,226.16 (net of HST recoveries), as set out in Schedule "C" attached</p> <p>The Deputy City Manager & Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>		
Comments	<p>GM 26.29, adopted by City Council on November 30, December 1, 2, 4 and 7, 2009 and MM49.24, adopted by City Council on May 11 and 12, 2010 authorized a lease dated February 23, 2010 between Loblaw Properties Limited (now CP REIT Ontario Properties Limited) as head landlord and the City as tenant, for leased premises at 1880 Eglinton Avenue West, for a term of 10 years commencing September 1, 2010 and expiring August 31, 2020, with two (2) options to extend for 5 years each (the "Head Lease"). TESS uses the leased premises as an employment center and back office for staff servicing part of the Scarborough District. On June 8, 2010 City Council, pursuant to GM31.9, authorized designating a portion of the premises as a Municipal Capital Facility.</p> <p>TESS and ODSP are looking to partner at several locations to co-locate both entities as both organizations share similar clients and the ability to integrate is very high. 1880 Eglinton Ave. East was identified as a suitable location for both organizations. ODSP provides income and employment support to people with disabilities. Both TESS and ODSP receive funding from the same provincial body, the Ministry of Community & Social Services.</p> <p>On July 05, 2017 City Council adopted MM31.35, which granted an exemption from the City's late payment fees and NSF fees, for all agreements for TESS to co-locate/share space with the ODSP, including leases, sublease, subsequent extensions/renewals, provided that the Ontario Disability Support Program is the only user/occupant of the shared space, and on such other or revised terms and conditions acceptable to the Chief Corporate Officer.</p>		
Terms	Please see page 4 for Major Terms & Conditions.		
Property Details	Ward:	37 – Scarborough Centre	
	Assessment Roll No.:		
	Approximate Size:		
	Approximate Area:		
	Other Information:		

A.	Deputy City Manager & Chief Financial Officer has approval authority for:	City Manager has approval authority for:
<p>1. Acquisitions:</p> <p>2. Expropriations:</p> <p>3. Issuance of RFPs/REOIs:</p> <p>4. Permanent Highway Closures:</p> <p>5. Transfer of Operational Management to ABCDs:</p> <p>6. Limiting Distance Agreements:</p> <p>7. Disposals (including Leases of 21 years or more):</p> <p>8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan: N/A</p> <p>9. Leases/Licences (City as Landlord/Licensor):</p> <p>10. Leases/Licences (City as Tenant/Licensee):</p> <p>11. Easements (City as Grantor):</p> <p>12. Easements (City as Grantee):</p> <p>13. Revisions to Council Decisions in Real Estate Matters:</p> <p>14. Miscellaneous:</p> <p>(a) Approvals, Consents, Notices and Assignments under all Leases/Licences;</p> <p>(b) Releases/Discharges;</p> <p>(c) Surrenders/Abandonments;</p> <p>(d) Enforcements/Terminations;</p> <p>(e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates;</p> <p>(f) Objections/Waivers/Cautions;</p> <p>(g) Notices of Lease and Sublease;</p> <p>(h) Consent to regulatory applications by City, as owner;</p> <p>(i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title;</p> <p>(j) Documentation relating to Land Titles applications;</p> <p>(k) Correcting/Quit Claim Transfer/Deeds.</p>	<p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p>Delegated to a less senior position.</p> <p><input checked="" type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$5 Million;</p> <p><input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding twelve (12) months, including licences for environmental assessments and/or testing, etc.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and may include increase not to exceed the amount of the original decision by the lesser of 10 per cent and \$3 Million).</p> <p>Delegated to a less senior position.</p>	<p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million;</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and may include increase not to exceed the amount of the original decision by the lesser of 10 per cent and \$5 Million).</p> <p>Delegated to a less senior position.</p>
<p>B. City Manager and Deputy Manager & Chief Financial Officer each has signing authority on behalf of the City for:</p>		
<p><input checked="" type="checkbox"/> Documents required to implement the delegated approval exercised by him or her.</p>		

Consultation with Councillor(s)									
Councillor:	Michael Thompson				Councillor:				
Contact Name:	Ihor D. Wons				Contact Name:				
Contacted by:	Phone	x	E-Mail		Memo		Other		
Comments:	Concurrence				Comments:				
Consultation with ABCDs									
Division:	Toronto Employment Social Services				Division:	Financial Planning			
Contact Name:	Jeff Parkovnick				Contact Name:	Flisha Jenkins			
Comments:	Consent				Comments:	Consent			
Legal Division Contact									
Contact Name:	Soo Kim Lee								

	Date	Signature
Recommended by: Manager – Wayne Duong	Aug/22/2017	Sgd.\ Wayne Duong
Recommended by: Director of Real Estate Services – Joe Casali	Aug/23/2017	Sgd.\ Joe Casali
Recommended by: Chief Corporate Officer – Josie Scioli	Aug/23/2017	Sgd.\ Josie Jocioli
Approved by: Deputy City Manager & Chief Financial Officer Roberto Rossini	Aug/29/2017	Sgd.\ Roberto Scioli
Approved by: City Manager Peter Wallace		X

General Conditions (“GC”)

- (a) The local Councillor (or local Councillors if the subject property is located on a ward boundary or if the transaction involves an exchange of properties in more than one ward), will be consulted prior to the exercise of delegated Approving Authority by staff for all Acquisitions, Disposals, Land Exchanges and Leases.
- (b) Where approving power has been delegated to staff, the Chief Corporate Officer, in consultation with the applicable Deputy City Manager or the City Manager, may determine that such matter is of such special interest that same should be returned to the relevant Committee and Council for consideration and determination.
- (c) Exercise of delegated authority is subject to all applicable Council policies, statutes or other applicable law.
- (d) Authority to approve financial commitments/expenditures is subject to all amounts being available in an approved budget, or funding being available from third party sources, except for "Strategic Property Acquisitions" as set out in EX44.22 adopted by Council August 25, 26, 27 and 28, 2014, which identifies alternative funding mechanisms subject to additional approval requirements.
- (e) Property interests are to be based on appraised value, and no interest shall be granted at less than market value unless otherwise specifically authorized.
- (f) Authority to approve transactions at less than market value is subject to statutory anti-bonusing provisions.
- (g) Total compensation means the aggregate of all types of payments, including land value, estimated clean-up costs, potential arbitration awards, loss claims, etc, but exclusive of any applicable taxes and registration costs.
- (h) Authority to acquire property is conditional upon provision being made to bring the property into compliance with applicable MOE or other requirements such that it will be fit for its intended municipal purpose, except for property acquisitions of 50M² or less for transit shelter purposes.
- (i) Authority to initiate the permanent road closure process in **A.4** is conditional upon confirmation by the GM of Transportation Services that it is feasible to permanently close the highway.
- (j) Disposal authorities in **A.7** are subject to the property having been declared surplus, and the disposal policy complied with.
- (k) Land exchanges, except for those in **A.8**, may be authorized based on the delegated Approving Authority for Disposals in **A.7**.
- (l) Approving Authority with respect to land located in the Designated Waterfront Area is conditional upon the approval of the Director, Waterfront Secretariat.
- (m) Authority to approve an exchange of land in **A.8** is conditional upon confirmation by the Chief Planner and Executive Director, and the GM of Parks, Forestry & Recreation, that the land being exchanged is (i) nearby land of equivalent or larger area, and (ii) of comparable or superior green space utility.
- (n) Approving Authority in leasing matters (**A.9** and **A.10**) is limited to periods (including options/renewals) of less than twenty-one (21) years.
- (o) Total compensation in leasing matters where the City is landlord (**A.9**) includes the value of tenant improvements if factored into tenant's rental payments.
- (p) Total compensation in leasing matters where the City is the tenant (**A.10**) includes the value of any tenant improvements to be paid by the City.
- (q) Where options/renewals are included in leases, if the renewal rent is to be determined at a date later than the original approval date, total compensation is to be calculated as though all options are exercised, estimating the renewal rent based on the highest rent payable in the first term of the lease.
- (r) Total compensation in leasing matters where the City is landlord (**A.9**) or tenant (**A.10**) is to be calculated from the date of approval pursuant to this delegation (ie. first allowing for the expiry of any prior approvals, whether by Council or a delegated authority).
- (s) Approving Authority in leasing matters includes authority to approve renewals/extensions within the parameters of the delegated Approving Authority.
- (t) Approving Authority includes authority for amendments within the parameters of the delegated Approving Authority, the cumulative total of which may not exceed the delegated financial limit.
- (u) Where proposed additional amounts in **A.13** exceed 10 per cent of the original decision, even if otherwise in compliance with all other conditions, then approving authority is transferred upwards to the next more senior level of approving authority having the relevant overall financial limit.
- (v) Approving Authority includes authority for all documents necessary to implement the authority, on terms and conditions satisfactory to the Approving Authority, in consultation with the relevant operating Division(s).
- (w) Staff positions referred to in this delegation include successors from time to time.
- (x) Documents are to be in a form satisfactory to the City Solicitor (including indemnity and insurance provisions).
- (y) Delegated signing authorities in **B** are conditional upon the documents having received the City Solicitor's prior "Approval as to Form".
- (z) This delegation does not affect sales, acquisitions and leases over which the Affordable Housing Committee has responsibility.
- (aa) Authority to use land acquired by the City for parking purposes by the Toronto Parking Authority is conditional upon Council enacting a by-law designating such use.
- (bb) All residential leasing documents shall adhere to the *Residential Tenancies Act* and any successor legislation.
- (cc) Despite GC(n), Approving Authority in residential leasing matters is not limited to periods of less than twenty-one (21) years.

Major Terms and Conditions

Sub-landlord: City of Toronto

Sub-tenant: Her Majesty the Queen in Right of Ontario as represented by The Minister of Infrastructure

Sublease Premises: approx. 12,400 sq. ft. (3,200 sq. ft. of dedicated space & 9,200 sq. ft. of shared space).

Use: Social Service Office and related administrative offices for Ontario Disability Support Program.

Term: Two (2) years and ten (10) months.

Commencement date: November 01, 2017

Expiry date: August 30, 2020.

Basic Rent / Additional Rent:

(a) Nov 1, 2017 – Aug 31, 2018: \$12.00 per sq. ft. per year x 12,400 sq. ft. = \$124,000.00 per year, payable monthly in the amount of \$12,400.00 each, plus harmonized sales tax.

(b) Sept 1, 2018 – Aug 30, 2020: \$13.00 per sq. ft. x 12,400 sq. ft. = \$161,200.00 per year, payable monthly in the amount of \$13,433.34 each, plus harmonized sales tax.

Additional Rent, being the Sub-tenant's share of operating and other costs, is currently estimated by the Head Landlord at \$5.79 per sq. ft. per year (\$5.79 x 12,400 sq. ft. = \$71,796.00), payable monthly in the amount \$5,983.00, plus harmonized sales tax

Options to Extend: Provided that: (i) the City exercises its two (2) options to extend the Head Lease, (ii) the Sub-tenant is in occupation of the whole of the Sublease Premises, (iii) the Sub-tenant is not in default, and (iv) the Sub-tenant provides written notice to the City not less than twelve (12) months before expiry of the Term or First Extended Term; then the Sub-tenant shall have two (2) options to extend for five (5) years each. The sub-tenant shall accept the basic rent rates as agreed upon by the Head Landlord and the City. Basic Rent for the two (2) option terms of five (5) years each are estimated to be \$2,329,960.00 plus HST, as set out in Schedule "C" attached.

Sub-tenant Work / Repair Maintenance: The Tenant shall comply with Article 7 of the Head Lease. For changes and alterations, the City's consent is required, not to be unreasonably withheld.

Mutual Indemnity:

(1) The Sub-tenant agrees that the City, those for whom the City is in law responsible, and the City's insurers shall not be liable to any extent for any claims of personal injury or death, or loss or damage to (whether or not the Sub-tenant is insured or self-insured) any property belonging to the Sub-tenant or its employees, invitees or licensees or any other Person in, on or about the Subleased Premises unless the injury, death, loss or damage is occasioned wholly or in part by the negligence or willful misconduct of the City, its contractors, servants, agents or anyone for whom the City is in law responsible.

(2) The City agrees that the Sub-tenant and those for whom the Sub-tenant is in law responsible shall not be liable to any extent for any claims of personal injury or death, or loss or damage to any property belonging to the City or its employees, invitees or licensees or any other Person in, on or about the Building unless the injury, death, loss or damage: (a) is occasioned in or about the Subleased Premises; or (b) is occasioned wholly or in part by the negligence or willful misconduct of the Sub-tenant, its contractors, servants, agents or anyone for whom the Sub-tenant is in law responsible.

Insurance: Commercial general liability insurance with limits of not less than Five Million Dollars (\$5,000,000), per occurrence, adding the City of Toronto as an Additional Insured.

Exemption from Late Payment and NSF Fees: MM 31.35, adopted by City Council on July 4, 2017, provided an exemption from Late payment interest fees and NSF fees, provided that Ontario Disability Support Program is the only user/occupant of the Sublease Premises.

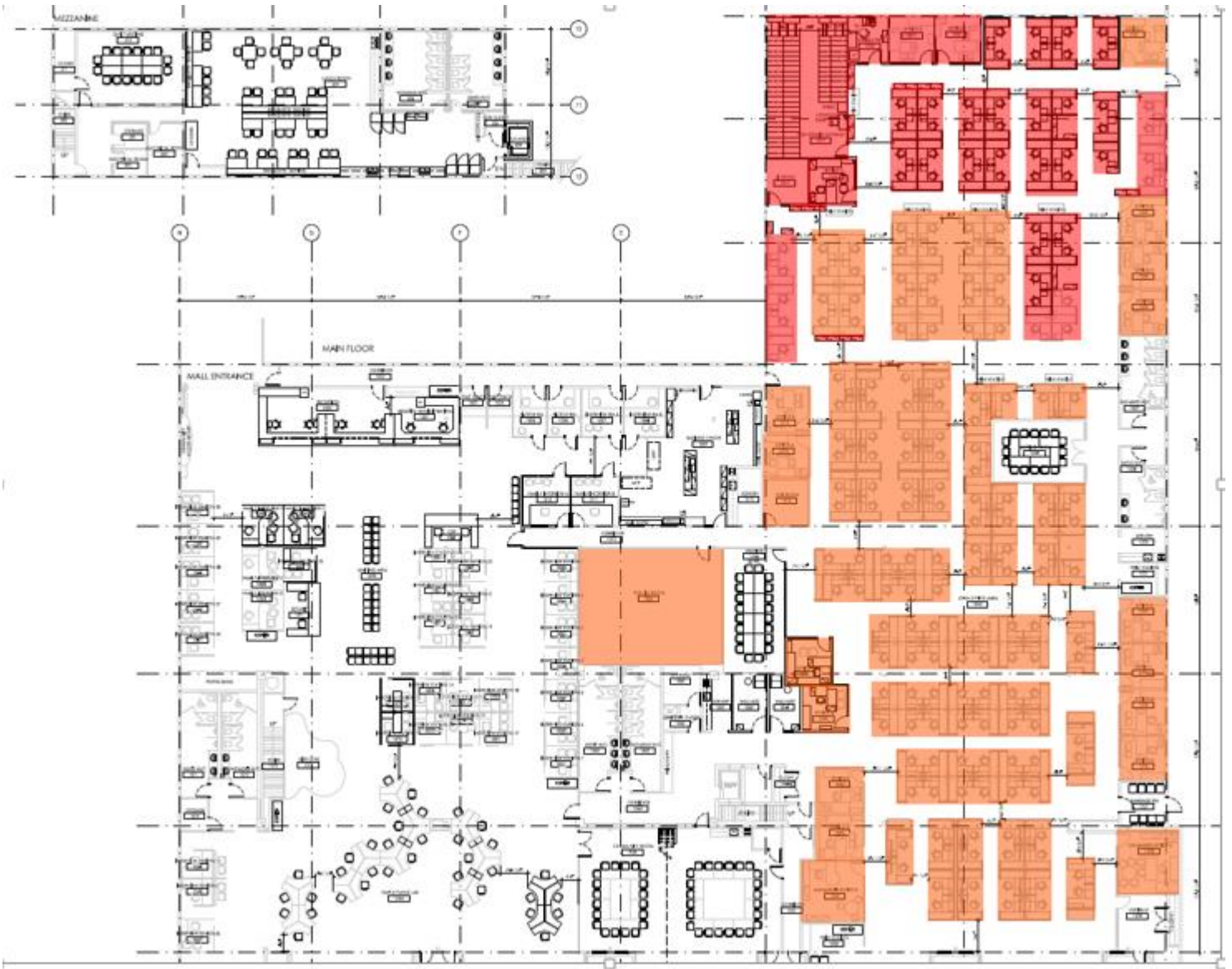
Application of Head Lease: The Sub-tenant shall observe all provisions of the Head Lease, in relation to the Sublease Premises, and shall not commit or omit to perform any act that would constitute a default under the Head Lease.

Head Landlord Consent: By letter dated August 10, 2017, the Head Landlord provided its consent to the Sublease.

Schedule A
1880 Eglinton Avenue East Location Map



Schedule "B"
1880 Eglinton Avenue East Sub-Leased Premises



- ODSP AREAS = 3,200 SQ FT
- OW AREAS = 8,326 SQ FT
- SHARED AREAS = 33,141 SQ FT

Schedule "C"
1880 Eglinton Avenue East Space Calculation

Leased Space	% of Portion	Square Feet	% of Total Space	Total Space (44,668.00 sqft)
Dedicated Space				11,525.88 (26% of Total space)
Dedicated TESS	72% of Dedicated space	8,326.36	19%	
Dedicated ODSP	28% of Dedicated space	3,200.00	7%	
Shared Space				33,142.12 (74% of Total space)
Shared TESS	72% of Shared space	23,942.05	54%	
Shared ODSP	28% of Shared space	9,200.00	21%	

Term	Basic Rent	Add't Rent	Total
11/01/2017 08/31/2018	\$12.00	\$5.79	\$17.79
09/01/2018 08/31/2019	\$13.00	\$5.79	\$18.79
09/01/2019 08/30/2020	\$13.00	\$5.79	\$18.79

Basic Rent

Premises	Square Feet	Year 1	Year 2	Year 3	Total
Rate PSF		\$12.00	\$13.00	\$13.00	
Shared Space	9,200	\$92,000.00	\$119,600.00	\$119,600.00	\$331,200.00
Rate PSF		\$12.00	\$13.00	\$13.00	
Dedicated Space	3,200	\$32,000.00	\$41,600.00	\$41,600.00	\$115,200.00
Total	12,400	\$124,000.00	\$161,200.00	\$161,200.00	\$446,400.00*

*Plus HST

Additional Rent

Premises	Square Feet	Year 1	Year 2	Year 3	Total
Rate PSF		\$5.79	\$5.79	\$5.79	
Shared Space	9,200	\$44,390.00	\$53,268.00	\$53,268.00	\$150,926.00
Rate PSF		\$5.79	\$5.79	\$5.79	
Dedicated Space	3,200	\$15,440.00	\$18,528.00	\$18,528.00	\$52,496.00
Total	12,400	\$59,830.00	\$71,796.00	\$71,796.00	\$203,422.00*

*Plus HST

Options

Option 1 – 5 year Term	\$232,996.00 / year * 5 Years	\$1,164,980.00
Option 2 – 5 Year Term	\$232,996.00 / year * 5 Years	\$1,164,980.00
Total 10 Year Option Worth		\$2,329,960.00*

*Plus HST