

DELEGATED APPROVAL FORM
DIRECTOR, REAL ESTATE SERVICES
MANAGER, REAL ESTATE SERVICES

TRACKING NO.: 2018-012

Approved pursuant to the Delegated Authority contained in Executive Committee Item EX27.12, as adopted by City Council on October 2, 3 and 4, 2017 or, where applicable, in Executive Committee Item EX28.8, as adopted by City Council on November 7, 8 and 9, 2017.

Prepared By:	Jack Harvey	Division:	Real Estate Services
Date Prepared:	March 2, 2018	Phone No.:	7-7704

Purpose	To obtain authority to enter into a Lease Extension and Amending Agreement between Shepbram Investments Inc. (the "Landlord") and the City of Toronto (the "Tenant") for office space within the property known municipally as 2300 Sheppard Avenue West for a term commencing February 1, 2017 and ending January 31, 2022.
Property	2300 Sheppard Avenue West, Toronto PT LOT 16 CON 5 WYS & PT LOTS 2 & 3 PLAN 3521, designated as PTS 5 & 6 PLAN 64R-9053.
Actions	<ol style="list-style-type: none"> authority be granted to enter into a Lease Extension and Amending Agreement for the use of space within the aforementioned property for a term of five (5) years, subject to the terms and conditions outlined on page 4 of this form and on such other terms or amended as may be satisfactory to the Deputy City Manager, Internal Corporate Services ("DCM") and in a form acceptable to the City Solicitor; the DCM or designate shall administer and manage the Agreement including the provision of any consents, approvals, waivers, notices and notices of termination provided that the DCM may, at any time, refer consideration of such matter to City Council for its determination and direction; the appropriate City Officials be authorized and directed to take whatever action is necessary to give effect thereto..
Financial Impact	<p>The total cost to the City over the five (5) year term, will be \$943,917.62 (net of HST recoveries).</p> <p>Funding is available in the 2017 Council Approved Operating Budget for Toronto Public Health (TPH) and will be accommodated for in future Operating Budget submissions for Council consideration.</p> <p>The Acting Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>Under the authority of the Corporation of the City of North York Executive Committee Report No. 34, adopted by the City of North York under Council Resolution No. 89-63 on November 1, 1989, a lease was entered into for the purposes of establishing a Public Health Office at 2300 Sheppard Avenue West. A 5 year option to renew was approved by North York Council on October 19, 1994 expiring on January 31, 2000. After amalgamation, the lease was renewed for a term of 2 years expiring on January 31, 2002, under the authority of DAF 1999-219. The lease was renewed for a term of 3 years under the authority of DAF 2002-002 and expired on January 31, 2005. Under the authority of DAF 2006-050 the lease was renewed for a term of 3 years expiring on January 31, 2008. The lease remained in overhold for approximately 2 years when on June 8, 2010 Council adopted Government Management Committee Report 31.14, authorising a renewal for a term of 2 years expiring on January 31, 2012. A 5 year lease renewal was authorized under the authority of DAF 2012-068 which expired on January 31, 2017.</p> <p>Real Estate Services attempted to relocate TPH staff into city-owned space and it was determined that another five year term is required. In preparation for the possibility city-owned space becomes available in the future, an early termination provision has been included in the Lease Extension and Amending Agreement.</p>
Terms	See Page 4

Property Details	Ward:	7-York West
	Assessment Roll No.:	1908-01-2-480-00100
	Approximate Size:	
	Approximate Area:	7,232 square feet
	Other Information:	

A.	Manager, Real Estate Services has approval authority for:	Director, Real Estate Services has approval authority for:
1. Acquisitions:	<input type="checkbox"/> Where total compensation does not exceed \$50,000.	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.
2. Expropriations:	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$50,000.	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$1 Million.
3. Issuance of RFPs/REOs:	Delegated to a more senior position.	<input type="checkbox"/> Issuance of RFPs/REOs.
4. Permanent Highway Closures:	Delegated to a more senior position.	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.
5. Transfer of Operational Management to Divisions and Agencies:	Delegated to a more senior position.	Delegated to a more senior position.
6. Limiting Distance Agreements:	<input type="checkbox"/> Where total compensation does not exceed \$50,000.	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.
7. Disposals (including Leases of 21 years or more):	<input type="checkbox"/> Where total compensation does not exceed \$50,000.	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan: N/A	Delegated to a more senior position.	<input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.
9. Leases/Licences (City as Landlord/Licensor):	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$50,000.	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$1 Million.
	<input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding three (3) months, including licences for environmental assessments and/or testing, etc.	<input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding six (6) months, including licences for environmental assessments and/or testing, etc.
	Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.	Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.
10. Leases/Licences (City as Tenant/Licensee):	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$50,000.	<input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$1 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> Where total compensation does not exceed \$50,000.	<input type="checkbox"/> (a) Where total compensation does not exceed \$1 Million.
	Delegated to a more senior position.	<input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.
12. Easements (City as Grantee):	<input type="checkbox"/> Where total compensation does not exceed \$50,000.	<input type="checkbox"/> Where total compensation does not exceed \$1 Million.
13. Revisions to Council Decisions in Real Estate Matters:	Delegated to a more senior position.	<input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (u)).
14. Miscellaneous:	Delegated to a more senior position.	<input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences
		<input type="checkbox"/> (b) Releases/Discharges
		<input type="checkbox"/> (c) Surrenders/Abandonments
		<input type="checkbox"/> (d) Enforcements/Terminations
		<input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates
		<input type="checkbox"/> (f) Objections/Waivers/Caution
		<input type="checkbox"/> (g) Notices of Lease and Sublease
		<input type="checkbox"/> (h) Consent to regulatory applications by City, as owner
		<input type="checkbox"/> (i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title
		<input type="checkbox"/> (j) Documentation relating to Land Titles applications
		<input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds

B. Director, Real Estate Services and Manager, Real Estate Services each has signing authority on behalf of the City for:

- Documents required to implement matters for which he or she also has delegated approval authority.
- Expropriation Applications and Notices following Council approval of expropriation (Manager, Acquisitions & Expropriations is only Manager with such signing authority).

Director, Real Estate Services also has signing authority on behalf of the City for:

- Agreements of Purchase and Sale and all implementing documentation for purchases, sales and land exchanges not delegated to staff for approval.
- Community Space Tenancy Leases approved by delegated authority by Deputy City Manager. Internal Corporal Services and any related documents.

Consultation with Councillor(s)									
Councillor:	Giorgio Mammoliti					Councillor:			
Contact Name:	Mike Makrigiorgos					Contact Name:			
Contacted by:	Phone	<input checked="" type="checkbox"/>	E-Mail		Memo		Other		
Comments:	Advised					Comments:			
Consultation with Divisions and/or Agencies									
Division:	Toronto Public Health					Division:	Financial Planning		
Contact Name:	Maureen Drayton					Contact Name:	Patricia Libardo		
Comments:	Approved					Comments:	Approved		
Legal Division Contact									
Contact Name:	Dina Marcutti, Law Clerk								

DAF Tracking No.: 2018-012	Date	Signature
Recommended by:		
<input checked="" type="checkbox"/> Recommended by: Manager, Real Estate Services Daran Somas	Mar. 7, 2018	Signed by Daran Somas
<input type="checkbox"/> Approved by:		
<input checked="" type="checkbox"/> Approved by: Director, Real Estate Services David Jollimore	Mar. 9, 2018	Signed by David Jollimore

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. In the event of a vacancy in the Ward in which the subject property is located, the Mayor's office shall be consulted in the alternative.
- (b) Where approving power has been delegated to staff, the Deputy City Manager, Internal Corporate Services, in consultation with any other 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 as defined in the *Toronto Waterfront Revitalization Corporation Act, 2002* 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 of City Planning, 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 **A.9** Leases (City as Landlord) but not Licences (City as Licensor) is limited to periods (including options/renewals) of less than twenty-one (21) years, as leases of 21 years or more may be authorized based on the delegated Approving Authority for disposals in **A.7**.
- (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, including ancillary agreements, 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) 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.
- (aa) All residential leasing documents shall adhere to the *Residential Tenancies Act, 2006* and any successor legislation.
- (bb) Despite GC(n), Approving Authority in residential leasing matters is not limited to periods of less than twenty-one (21) years and total compensation in residential leasing matters where the City is landlord is to be calculated based on an assumed term of ten years unless the lease term expressly identified therein is longer.
- (cc) Where Approving Authority has been delegated to the Manager level, such authority shall be conditional upon the Manager first having secured the written concurrence of a second Manager within the Real Estate Services Division.

Major Terms & Conditions

Landlord: Shepbram Investments Inc.

Tenant: City of Toronto

Premises: 2300 Sheppard Avenue West, Toronto

Divisional Occupant: Toronto Public Health

Demised Area: 7,232 square feet of office space and approximately 442 square feet of basement storage space.

Term: Five (5) years, commencing February 1, 2017 and expiring January 31, 2022.

Early Termination: The Tenant shall have the right to terminate the agreement upon providing six months written notice to the Landlord. Right to terminate is not permitted prior to January 31, 2019.

Basic Annual Rent:

(Office Space)	Year 1: Feb. 1/2017-Jan. 31/2018 \$23.50/sq. ft. \$169,952.00 (\$14,162.67 per month) Plus HST
	Year 2: Feb. 1/2018-Jan. 31/2019 \$24.00/sq. ft. \$173,568.00 (\$14,464.00 per month) Plus HST
	Year 3: Feb. 1/2019-Jan. 31/2020 \$24.50/sq. ft. \$177,184.00 (\$14,765.33 per month) Plus HST
	Year 4: Feb. 1/2020-Jan. 31/2021 \$24.50/sq. ft. \$177,184.00 (\$14,765.33 per month) Plus HST
	Year 5: Feb. 1/2021-Jan. 31/2022 \$24.50/sq. ft. <u>\$177,184.00</u> (\$14,765.33 per month) Plus HST \$875,072.00 Plus HST

Storage Space Cost: \$442.00/month (\$12.00 per square foot) over 5 years = \$26,520.00 Plus HST

Total Cost of Office Space & Storage Space over entire term: \$901,592.00 plus HST.

Additional Payment to Landlord - Recycling Organic Waste: To be paid by Toronto Public Health at a cost of \$5,200.00; Plus HST per year (\$26,000 for 5 years Plus HST).

Occupancy Costs: The annual rent shall be deemed to include occupancy costs required to be paid under the original lease and payment of the annual rent by the Tenant shall constitute payment of all occupancy costs required to be paid by the tenant under the original lease, including but not limited to, the costs for janitorial services, maintenance services, and parking.

Landlord's Work:

- Touch-up painting throughout the entire premises.
- Replace damaged and/or discoloured ceiling tiles.
- Repair potholes and add gravel at the south east area of the parking lot to enlarge parking space availability.
- Upgrade from two to three designated accessible parking spots (in accordance with accessibility guidelines).
- Remove existing bathroom urinal fixture and replace with a standard toilet & create a bathroom stall that matches existing bathroom stalls.

Options There are no further rights to extend.

All other terms and conditions shall remain the same as per the original lease and all subsequent amendments thereof.

Location Map 2300 Sheppard Avenue West

