

DELEGATED APPROVAL FORM
CITY MANAGER
DEPUTY CITY MANAGER, CORPORATE SERVICES

TRACKING NO.: 2019-204

Approved pursuant to the Delegated Authority contained in Item EX27.12, as adopted by City Council on October 2, 3 & 4, 2017, as amended by Item GM27.12, adopted by City Council on May 22, 23 & 24, 2018 or, where applicable, in Item EX28.8, as adopted by City Council on November 7, 8 & 9, 2017

Prepared By:	Stella Duong	Division:	Real Estate Services
Date Prepared:	July 19, 2019	Phone No.:	416-338-0804

Purpose	To obtain authority to enter into a five (5) year lease agreement (the "Agreement") with Costco Wholesale Canada Ltd. (the "Tenant" or "Costco") for the Leased Premises (as defined below) for the purpose of a queuing line/driveway for the expansion and operation of the Tenant's fueling station at the Warden Costco (as defined below) and to add additional parking spaces for use by the Warden Costco.
Property	Part of the property municipally known as 9b Canadian Road, Toronto and along with part of the adjacent City-owned lands to the east of 9b Canadian Road, Toronto, as shown on the location map attached hereto as Appendix "B" and described as Part 1 on Property Sketch PS-2018-006, attached hereto as Appendix "C" (the "Leased Premises").
Actions	<ol style="list-style-type: none"> 1. Authority be granted to enter into the Agreement with the Tenant, substantially on the terms and conditions outlined in Appendix A, and on such other or amended terms and conditions as may be satisfactory to the Deputy City Manager, Corporate Services (the "DCM") and in a form acceptable to the City Solicitor. 2. The DCM or his or her designate shall administer and manage the Agreement, including the provision of any consents, amendments, approvals, waivers, notices and notices of termination provided that the DCM may, at any time, refer consideration of such matters to City Council for its determination and direction. 3. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.
Financial Impact	<p>The Agreement will be a fully net lease to the City, with the Tenant being responsible for all costs, including without limitation all utilities, taxes, and operating costs.</p> <p>During the five (5) year term the City will receive basic rent from the Tenant totaling \$828,604.00, plus HST. If the three (3) options to renew for five (5) years each are exercised by the Tenant, the City will receive basic rent from the Tenant totaling approximately \$3,199,562.00, plus HST, for the three renewal terms.</p> <p>The total basic rent the City will receive from the Tenant over the term, inclusive of the three renewal options, if exercised by the Tenant, is a minimum of \$4,028,166.00, plus HST.</p> <p>The Chief Financial Officer & Treasurer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>The Leased Premises is part of the City-owned abandoned rail spur between Ellesmere and Lawrence Avenue. Jurisdiction of the Leased Premises falls partly under Real Estate Services and partly under Toronto Water. Currently the site is used mainly to collect storm water from Canadian Road to the north. The transaction is conditional on Costco receiving Site Plan Control approval which will include a Stormwater Management Plan to the City's satisfaction.</p> <p>The Tenant operates the Costco Warehouse located at 1411 Warden Avenue, Toronto, ON (the "Warden Costco"), which is adjacent to the Leased Premises. The Tenant intends to lease the Leases Premises for the expansion and operation of their fueling station queuing line and to add additional parking spaces to their site. The Tenant has received Committee of Adjustments Minor Variance approvals conditional on the Tenant, at its sole cost and expense, entering into a lease agreement with the City, to the satisfaction of the City Solicitor, for the City-owned lands located at the Leased Premises.</p>
Terms	Real Estate Services considers the terms and conditions of the Agreement to be fair, reasonable and at market value. Refer to Appendix "A".

Property Details	Ward:	21 – Scarborough Centre
	Assessment Roll No.:	Multiple Assessment Roll No.
	Approximate Size:	N/A – Irregular Dimensions – See Appendix "C"
	Approximate Area:	5,862.9 m ² ± (63,108 ft ² ±)
	Other Information:	

A.	Deputy City Manager, Corporate Services 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 Divisions and Agencies:</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:</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><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><input type="checkbox"/> Issuance of RFPs/REOIs.</p> <p><input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.</p> <p><input type="checkbox"/> Transfer of Operational Management to Divisions and Agencies.</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"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.</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"/> (c) Where compensation is less than market value, provided tenant and lease satisfy Community Space Tenancy Policy criteria set out in Item EX28.8, as adopted by Council on November 7, 8 and 9, 2017.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.</p> <p><input type="checkbox"/> (a) Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.</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 subject to General Condition (u)).</p> <p><input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences</p> <p><input type="checkbox"/> (b) Releases/Discharges</p> <p><input type="checkbox"/> (c) Surrenders/Abandonments</p> <p><input type="checkbox"/> (d) Enforcements/Terminations</p> <p><input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates</p> <p><input type="checkbox"/> (f) Objections/Waivers/Cautions</p> <p><input type="checkbox"/> (g) Notices of Lease and Sublease</p> <p><input type="checkbox"/> (h) Consent to regulatory applications by City, as owner</p> <p><input type="checkbox"/> (i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title</p> <p><input type="checkbox"/> (j) Documentation relating to Land Titles applications</p> <p><input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds</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>Delegated to a less senior position.</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 subject to General Condition (u)).</p> <p>Delegated to a less senior position.</p>
<p>B. City Manager and Deputy Manager, Corporate Services each has signing authority on behalf of the City for:</p>		
<ul style="list-style-type: none"> • Documents required to implement matters for which he or she also has delegated approval authority. 		
<p>Deputy City Manager, Corporate Services also has signing authority on behalf of the City for:</p>		

- Agreements of Purchase and Sale and all implementing documentation for purchases, sales and land exchanges not delegated to staff for approval.
- Expropriation Applications and Notices following Council approval of expropriation.

Consultation with Councillor(s)

Councillor:	Councillor Michael Thompson	Councillor:	
Contact Name:	Ihor Wons	Contact Name:	
Contacted by:	X Phone E-Mail Memo Other	Contacted by:	Phone E-mail Memo Other
Comments:	No Objections – 07/17/2019	Comments:	

Consultation with Divisions and/or Agencies

Division:	City Planning & Toronto Water	Division:	Financial Planning
Contact Name:	Rod Hines & Lawrence Shintani	Contact Name:	Lauren Birch
Comments:	Comments Incorporated – 07/16/2019	Comments:	Approved – 07/03/2019

Legal Division Contact

Contact Name:	Shirley Chow – 416 397-4410	Comments Included – 07/19//2019
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DAF Tracking No.: 2019-204	Date	Signature
Recommended by: Acting Manager, Real Estate Services	July 22, 2019	Signed by Melanie Hale-Carter
Recommended by: Acting Director, Real Estate Services	July 24, 2019	Signed by Nick Simos
<input type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services	July 15, 2019	Signed by Josie Scioli
<input checked="" type="checkbox"/> Approved by: Josie Scioli		
<input type="checkbox"/> Approved by: City Manager Chris Murray		

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, 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.
- (dd) Where the City is transacting with a public agency, and such agency requires that an unqualified environmental indemnity be granted by the City, the authority to acquire property includes authority to grant such an indemnity, provided that the Phase I and Phase II environmental site assessments undertaken on behalf of the City have identified no significant environmental impacts or human health threats, with no, or minor action required ("Low Risk").

Appendix "A" – Major Terms and Conditions

Landlord: City of Toronto

Tenant: Costco Wholesale Canada Ltd.

Leased Premises: Part 1 on PS Sketch 2018-006, being approximately 63,108 square feet, as shown on Appendix "C".

Use: The Leased Premises shall be used only for a queuing line/driveway for the Tenant's gas bar located at the Warden Costco and as a parking lot for the Tenant's visitors and customers' non-commercial vehicles, to be used in connection with the Warden Costco, and ancillary landscaping and sidewalk extension (the "Use") and for no other purpose whatsoever.

Term: Five (5) years.

Commencement Date: The commencement date shall be the later of (i) the date of execution of the Lease and (ii) the date that Site Plan approval is granted or obtained in respect of the Warden Costco's Site Plan Application no. 18 213792 ESC 37 SA. The parties shall confirm the actual Commencement Date in writing once ascertained.

Expiry Date: Five (5) years following the Commencement Date.

Option to Renew: Three (3) five (5) year renewal options, based on the then current market rates. In no event shall the Basic Rent payable for the renewal term: (i) be less than the Basic Rent payable in the last twelve (12) month period immediately preceding the commencement of the applicable renewal term, and (ii) in no event shall the Basic Rent escalate by less than two point five percent (2.5%) of the preceding year's Basic Rent.

Net Lease: The Lease shall be a fully net Lease to the City. The Tenant shall be responsible for all costs under the Lease, including without limitation all utilities, taxes, and operating costs.

Basic Rent:

Time Period	Net Rent PSF	Net Rent per Annum
Year 1	\$2.50	\$157,769.32
Year 2	\$2.56	\$161,555.78
Year 3	\$2.62	\$165,342.25
Year 4	\$2.69	\$169,759.79
Year 5	\$2.76	\$174,177.33

Security Deposit: The Tenant shall provide a security deposit in the amount of \$15,000.00, to be held without interest by the Landlord as security for the due performance by the Tenant of all the terms, covenants and conditions contained in the Lease.

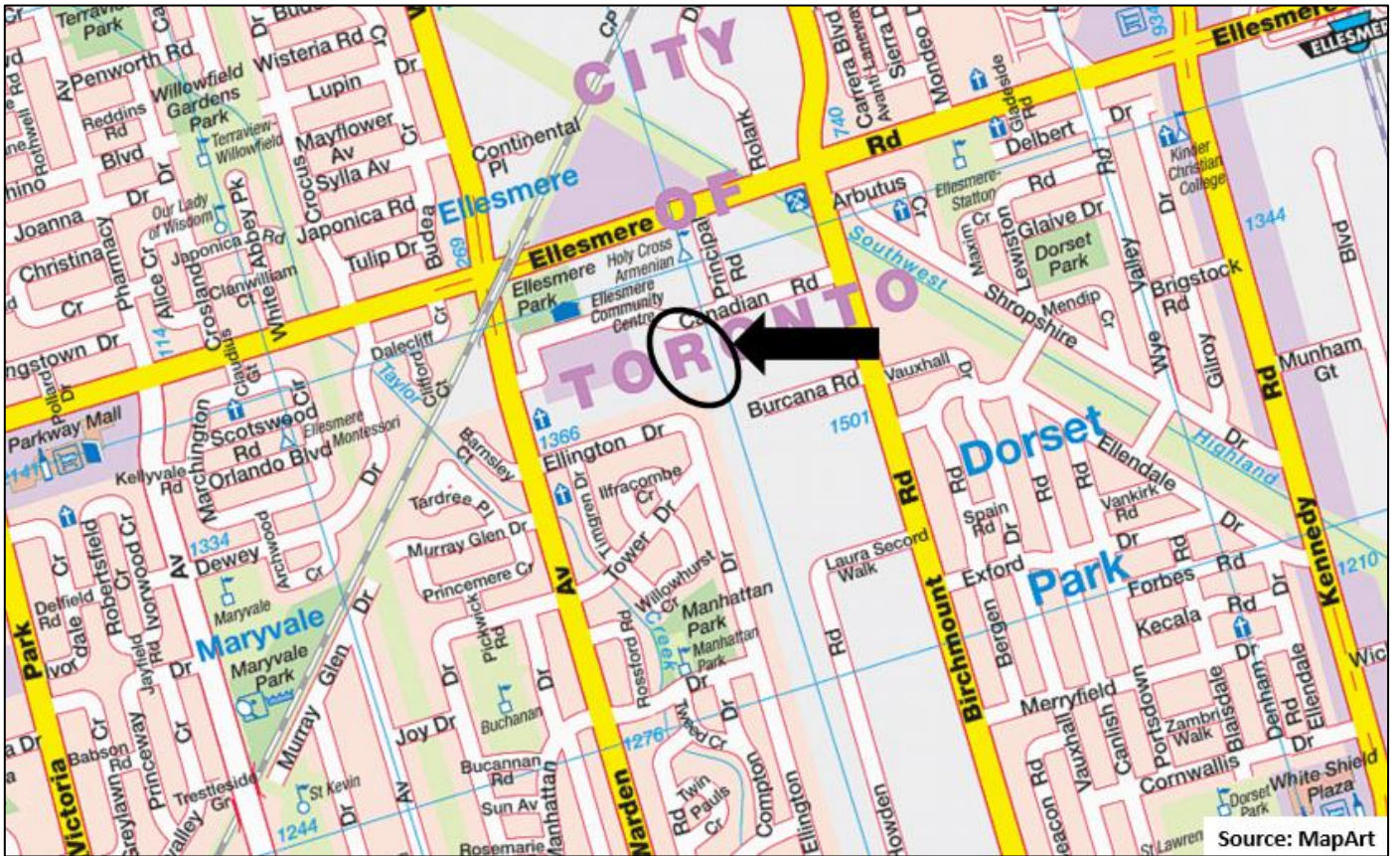
Early Termination: The Landlord shall have the right to terminate the Lease if the Leased Premises are required by the Landlord for any municipal purpose, upon providing the Tenant with not less than one (1) years' prior written notice.

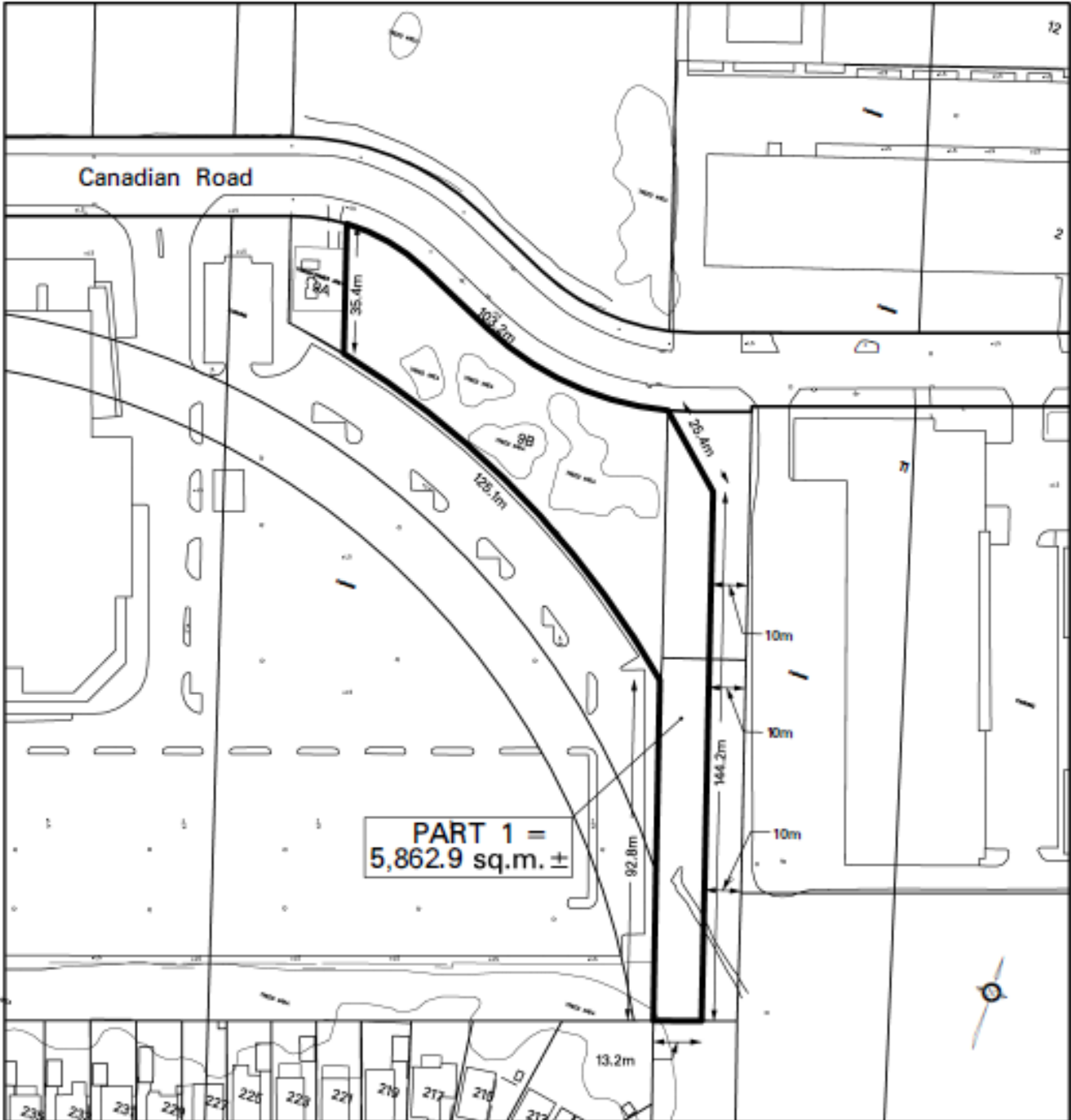
Tenant's Termination Right: At any time during a renewal term, in the event that the Tenant sells the Warden Costco to a buyer who does not operate the gas bar located on the Warden Costco, then the Tenant shall have the right to terminate the Lease upon giving not less than 90 days' prior written notice thereof to the Landlord.

Negative Impact: The Tenant is to ensure that the Leased Premises remains capable of collecting stormwater/wastewater flow from Canadian Road. In the event that the Tenant's use of the Leased Premises interferes with or negatively impacts the ability of the site to collect and absorb the stormwater/wastewater flow from Canadian Road and/or creates flooding in or around the Leased Premises, the Tenant is required to rectify any issues within such time as determined reasonable by the Landlord, failing which the Landlord may terminate the Lease.

Conditional upon Site Plan Approval: The Lease is conditional upon the Tenant obtain Site Plan Control approval for the Warden Costco Site Plan Application no. 18 213792 ESC 37 SA on or before November 1, 2019.

Appendix "B" – Location Map & Aerial Picture





**PART 1 =
5,862.9 sq.m. ±**



NOTE:
THIS SKETCH HAS BEEN
COMPILED FROM OFFICE
RECORDS. MEASUREMENTS
ARE APPROXIMATE

CHECK BY JOHN HOUSE
PREPARED BY: DWAYNE FITT

PROPERTY INFORMATION SHEET

**SKETCH SHOWING
CITY OWNED LAND ON THE SOUTH SIDE OF
CANADIAN ROAD EAST OF WARDEN AVENUE**

WARD 37 – SCARBOROUGH CENTRE
DATE: JANUARY 15, 2018

SKETCH No. PS-2018-006