

**DELEGATED APPROVAL FORM
CITY MANAGER
DEPUTY CITY MANAGER, CORPORATE SERVICES**

TRACKING NO.: 2019-072

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:	Joe Corigliano	Division:	Real Estate Services
Date Prepared:	July 23, 2019	Phone No.:	416 392-1167
Purpose	To obtain authority for the City of Toronto (the "City"), as tenant, to enter into thirteen (13) lease renewal agreements with Toronto Community Housing Corporation ("TCHC"), as landlord, for the five (5) year renewal term commencing January 1, 2019 (the "Renewal Agreements"), substantially on the terms and conditions set out in the 2014 Leases (hereinafter defined) and outlined in Appendix "A" except that each of the new rents for the Child Care Centres (hereinafter defined) shall be those set out in Appendix "B" and except that there is no further renewal option.		
Property	Numerous properties as shown on Appendix "A" (the "Child Care Centres").		
Actions	<ol style="list-style-type: none"> 1. Authority is granted to enter into the Renewal Agreements substantially on the terms and conditions outlined below, 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 designate shall administer and manage the Renewal Agreements 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. 3. The appropriate City Officials are authorized and directed to take the necessary action to give effect thereto. 		
Financial Impact	<p><u>2014 Leases</u></p> <p>Gross rent for the 2014 Leases was \$17.91 per square foot for the first year of the term and increased 3% per annum for every successive year.</p> <p><u>Renewal Agreements</u></p> <p>Gross rent has been set for the Renewal Agreements at \$20.76 per square foot for the first year of the term and will be increased by 3% per annum for every successive year in the term of the lease. The total expenditure for the Renewal Agreements for the five year term is estimated to be approximately \$5,693,234.12 as shown on Appendix "B".</p> <p>Annual funding for 2019 in the amount of \$1,072,346.68 is available in the 2019 Operating Budget for Children's Services. Funding requirements for 2020 to 2023 will be included in respective year's Operating Budget Submission for Children's Services.</p> <p>The Chief Financial Officer & Treasurer has reviewed this DAF and agrees with the financial impact information.</p>		
Comments	<p>On August 25, 26, 27 and 28, 2014, City Council adopted item number GM32.21 authorizing the City to enter into fifteen (15) lease agreements for directly operated Early Learning and Child Care programs with TCHC for a five (5) year term, commencing January 1, 2014 (the "2014 Leases"). The 2014 Leases permit the City to renew these leases for one additional term of five (5) years.</p> <p>By letters dated March 20, 2017 and July 31, 2018, the City gave notice to TCHC terminating two of its tenancies under the 2014 Leases for Child Care Centres located at 7 Capri Road and 3847 Lawrence Avenue East, respectively.</p> <p>City staff have negotiated new rental rates for the thirteen (13) remaining Child Care Centres. Rents during the term of the Renewal Agreements have been calculated and are shown on Appendix "B". It is the opinion of City staff that the new rental rates are fair, reasonable and reflect market rent. Toronto Children's Services concurs with the negotiated rental rates.</p> <p>TCHC is required to pay all real property taxes levied against the Child Care Centres. Although TCHC has advised City Staff that none of the gross rents payable for the five year renewal period 2019 – 2023, realty taxes may impact future rental rates payable by the City. Accordingly, City Staff has commenced the process of seeking City Council's designation of the Child Care Centres as municipal capital facilities so that they may be exempt from taxation for municipal and school purposes.</p>		
Terms	See Appendix "A"		
Property Details	Ward:	1,2,5,7,10,17,20,21,22,24	
	Assessment Roll No.:		
	Approximate Size:		
	Approximate Area:	58,751 ft ² (5,458 m 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 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>Delegated to a less senior position.</p> <p><input checked="" 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>

B. City Manager and Deputy Manager, Corporate 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.

Deputy City Manager, Corporate 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.
- Expropriation Applications and Notices following Council approval of expropriation.

Consultation with Councillor(s)									
Councillor:	Multiple Wards					Councillor:			
Contact Name:						Contact Name:			
Contacted by:	Phone	E-Mail	Memo	Other	Contacted by:	Phone	E-mail	Memo	Other
Comments:	Council Directive – Lease Renewal					Comments:			
Consultation with Divisions and/or Agencies									
Division:	Children Services					Division:	Financial Planning		
Contact Name:	Nino Dodaro					Contact Name:	Lauren Birch		
Comments:	No concerns (07/09/19)					Comments:	Concurs (06/20/19)		
Legal Division Contact									
Contact Name:	Emily Ng (06/21/19)								

DAF Tracking No.: 2019-72	Date	Signature
Recommended by: Manager, Real Estate Services (D. Somas)	Aug. 23, 2019	Signed by Daran Somas
Recommended by: Director, Real Estate Services (N. Simos)	Aug. 23, 2019	Signed by Nick Simos
<input checked="" type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services <input type="checkbox"/> Approved by: Josie Scioli	Aug. 29, 2019	Signed by Josie Scioli
<input checked="" type="checkbox"/> Approved by: City Manager Chris Murray	Sept. 6, 2019	Signed by 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-bonus 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").

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Appendix "A" Major Terms and Conditions Lease Agreements

Property Address	Child Care Center Name	Ward No.	Sq. Ft. Area	Parking Spots
75 Augusta Square	Alex Park ELCCS	10	3,397 plus Play area – 6,403	4 spots
365 Baymills Blvd.	Bay Mills ELCCS	22	3,763 plus Play area – 4,520	4 spots
5 Brahms Avenue	Brahms ELCCS	17	3,340 plus Play area 4,675	3 spots
4 Cane Grassway	Firgrove ELCCS	7	4,694 plus Play area – 8,154	Staff parking in designated area
30 Denarda Street	Trimbee ELCCS	5	1,950 plus Common Play area - 40,500	
405 Driftwood Ave.	Edgeley ELCCS	7	5,412 plus Play area – 7,685	4 spots
10 Falstaff Avenue	Falstaff ELCCS	5	6,928 plus Play area – 9,007	8 spots
31 Gilder Drive	Gilder ELCCS	21	3,287 plus Play area – 4,650	4 spots
47 Gilder Drive	Gilder Satellite ELCCS	21	1,296 plus Play area – 1,671	
20 Gordonridge Place	Canadiana Court ELCCS	20	4,960 plus Play area – 8,355	3 spots underground Parking garage
2765 Islington Ave.	Rowntree ELCCS	1	3,320 plus Play area – 4,493	
4299 Kingston Road	Galloway ELCCS	24	6,092 plus Play area – 11,365	4 spots
3101 Weston Rd	Westown ELCCS	7	3,209 Sq Ft	
Total			58,791 Sq. Ft.	

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Appendix "A" Major Terms and Conditions Lease Agreements (Continued)**Landlord:**

TCHC

Term:

Five (5) year term, commencing on January 1, 2019 and ending on December 31, 2023 (the "Term").

Use:

The operation of child care centres offering day care services consistent with the *Day Nurseries Act* or any successor legislation.

Rent:

\$20.76 gross per square foot, increased by 3% per annum for every successive year in the term of the lease, inclusive of air conditioning, heating, hydro, water, parking spaces and parking maintenance costs.

Additional Rent:

The City arranges at its expense waste management services.

Termination:

Either TCHC or the City may terminate the Renewal Agreements at any time during the Term provided that TCHC or the City gives the other party not less than one hundred and eighty (180) days prior written notice.

Repairs:

The City agrees to provide interior maintenance and repair to the Child Care Centres, at its expense, including janitorial cleaning, repainting, pest control, purchase and maintenance of air conditioning units, provision of portable fire extinguishers, and replacement flooring if deemed necessary by the City.

The City agrees to maintain and repair playgrounds, as the City deems necessary for the use under this agreement, throughout the Term.

Municipal Capital Facility:

TCHC acknowledges that the City has the right in its discretion, to request Council to exempt the leased premises from taxation for municipal and school purposes if the City considers that the leased premises may be used as a municipal capital facility. Provided Council grants satisfactory approval to this effect, TCHC agrees to enter at its sole cost and expense into the necessary municipal capital facility agreement with the City pursuant to Section 252(1) of *City of Toronto Act, 2006*, as amended, in a form acceptable to the City Solicitor and legal counsel for TCHC and to pass the full benefit of such exemption onto the City during the entire period of any such exemption.

Redevelopment of Site:

If TCHC decides to substantially develop or redevelop any of the properties containing the Child Care Centres, or a portion thereof, and said development or redevelopment requires the relocation of the City, then;

1. TCHC shall give the City not less than one hundred and eighty (180) days' written notice of TCHC's intention to relocate the tenant to another property owned or operated by TCHC;
2. TCHC shall pay for all costs associated with the relocation.

Appendix "B" – Annual rents from January 1st 2019 to December 31st 2023

Negotiated Flat Rate Per Sq Ft with TCHC				
Year 1 (2019)	Year 2 (2020)	Year 3 (2021)	Year 4 (2022)	Year 5 (2023)
\$ 20.76	\$ 21.39	\$ 22.03	\$ 22.69	\$ 23.37

Gross Rent Per Annum						
Address	Total Comm. Area (SF)	Year 1 (2019)	Year 2 (2020)	Year 3 (2021)	Year 4 (2022)	Year 5 (2023)
4299 Kingston Rd.	6,092	126,485.75	130,280.32	134,188.73	138,214.39	142,360.82
31 Gilder Drive	3,287	68,246.66	70,294.06	72,402.88	74,574.97	76,812.22
47 Gilder Drive	1,296	26,908.33	27,715.58	28,547.05	29,403.46	30,285.56
20 Gordonridge Place	4,960	102,982.49	106,071.96	109,254.12	112,531.74	115,907.69
365 Baymills Blvd.	3,763	78,129.66	80,473.55	82,887.76	85,374.39	87,935.62
5 Brahms Ave.	3,340	69,347.08	71,427.49	73,570.31	75,777.42	78,050.74
405 Driftwood Ave.	5,412	112,367.18	115,738.20	119,210.35	122,786.66	126,470.26
4 Cane Grassway	4,694	97,459.64	100,383.43	103,394.93	106,496.78	109,691.68
75 Augusta Square	3,397	70,530.55	72,646.47	74,825.86	77,070.64	79,382.76
3101 Weston Rd	3,209	66,627.18	68,626.00	70,684.78	72,805.32	74,989.48
10 Falstaff Avenue	6,928	143,843.28	148,158.58	152,603.34	157,181.44	161,896.88
2765 Islington Ave.	3,320	68,931.82	70,999.77	73,129.76	75,323.65	77,583.36
30 Denarda St	1,950	40,487.06	41,701.67	42,952.72	44,241.30	45,568.54
Total		1,072,346.68	1,104,517.08	1,137,652.59	1,171,782.16	1,206,935.61
Total Rental Expenditure Over 5 Years		5,693,234.12				

Gross Rent Per Month						
Address	Total Comm. Area (SF)	Year 1 (2019)	Year 2 (2020)	Year 3 (2021)	Year 4 (2022)	Year 5 (2023)
4299 Kingston Rd.	6,092	10,540.48	10,856.69	11,182.39	11,517.87	11,863.40
31 Gilder Drive	3,287	5,687.22	5,857.84	6,033.57	6,214.58	6,401.02
47 Gilder Drive	1,296	2,242.36	2,309.63	2,378.92	2,450.29	2,523.80
20 Gordonridge Place	4,960	8,581.87	8,839.33	9,104.51	9,377.65	9,658.97
365 Baymills Blvd.	3,763	6,510.81	6,706.13	6,907.31	7,114.53	7,327.97
5 Brahms Ave.	3,340	5,778.92	5,952.29	6,130.86	6,314.79	6,504.23
405 Driftwood Ave.	5,412	9,363.93	9,644.85	9,934.20	10,232.22	10,539.19
4 Cane Grassway	4,694	8,121.64	8,365.29	8,616.24	8,874.73	9,140.97
75 Augusta Square	3,397	5,877.55	6,053.87	6,235.49	6,422.55	6,615.23
3101 Weston Rd	3,209	5,552.27	5,718.83	5,890.40	6,067.11	6,249.12
10 Falstaff Avenue	6,928	11,986.94	12,346.55	12,716.95	13,098.45	13,491.41
2765 Islington Ave.	3,320	5,744.32	5,916.65	6,094.15	6,276.97	6,465.28
30 Denarda St	1,950	3,373.92	3,475.14	3,579.39	3,686.78	3,797.38
Total		89,362.23	92,043.09	94,804.38	97,648.52	100,577.97