

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

**TRACKING NO.: 2020-075**

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:	Robert Patterson	Division:	Real Estate Services
Date Prepared:	June 3, 2020	Phone No.:	416-392-1851

<b>Purpose</b>	To obtain authority to enter into a lease amending agreement (the "Agreement") with South Central Inc. (the "Tenant") with respect to the property municipally known as 586 Lake Shore Boulevard East, to expand the leased premises and extend the term to December 31, 2020.
<b>Property</b>	The expanded leased premises are comprised of 32,712.71 square feet of land located at 586 Lake Shore Boulevard East (the "Expanded Premises") as shown as Parts 2 and 3 on the attached Sketch in Appendix "B", The Expanded Premises are located below portions of the elevated ramps linking the Don Valley Parkway with the Gardiner Expressway and exclude the ramp structures and their associated supports.
<b>Actions</b>	1. Authority be granted to enter into the Agreement with the Tenant, substantially on the major terms and conditions set out in Appendix "A", and including such other terms as deemed appropriate by the approving authority herein, and in a form satisfactory to the City Solicitor.
<b>Financial Impact</b>	Total revenues to the City for the one (1) year extended term is approximately \$150,151.34 (plus HST).  The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with the financial impact information.
<b>Comments</b>	As authorized by DAF#2007-092, the City entered into a lease agreement (the "Lease") with the Tenant for 11,487 square feet of vacant land for a term of five (5) years which commenced on May 1, 2007 and expired on April 30, 2012, for purposes of general storage.  The Lease was extended for a term of an additional five (5) years as authorized by DAF#2013-074, which commenced on May 1, 2012 and expired on April 30, 2017. Since May 1, 2017, the Tenant has remained on the leased lands as an overholding tenant.  Over the course of the Lease, the Tenant expanded their operations onto adjacent vacant City lands, fenced those lands, and erected various structures without the City's authorization.  The lands occupied by the Tenant are required to support Waterfront Toronto's construction of a Sediment and Debris Management Facility for the Don River, in connection with the redevelopment of the Port Lands. In Q2 and Q3 of 2019, Waterfront Toronto identified to Corporate Real Estate Management ("CREM") a need for vacant possession of a portion of these lands commencing January 1, 2020, and of the balance of these lands by January 1, 2021, for site preparation and construction activities. The lands required by January 1, 2020 were vacated by the Tenant prior to that date and are not included in the Expanded Premises.  <i>Please see Comments continued on Page 4</i>
<b>Terms</b>	See Appendix "A".

<b>Property Details</b>	<b>Ward:</b>	10 – Spadina-Fort York
	<b>Assessment Roll No.:</b>	All of: 1904-07-1-130-00100; Part of: 1904-07-1-130-00405; Part of: 1904-07-1-130-00100
	<b>Approximate Size:</b>	n/a
	<b>Approximate Area:</b>	32,712.71 square feet
	<b>Other Information:</b>	n/a

A.	Manager, Real Estate Services has approval authority for:	Director, Real Estate Services has approval authority for:
<p>1. Acquisitions:</p> <p>2. Expropriations:</p> <p>3. Issuance of RFPs/REOs:</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 &amp; Parks &amp; 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 \$50,000.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$50,000.</p> <p><b>Delegated to a more senior position.</b></p> <p><b>Delegated to a more senior position.</b></p> <p><b>Delegated to a more senior position.</b></p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p><b>Delegated to a more senior position.</b></p> <p><input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$50,000.</p> <p><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.</p> <p><b>Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.</b></p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$50,000.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p><b>Delegated to a more senior position.</b></p> <p><input type="checkbox"/> Where total compensation does not exceed \$50,000.</p> <p><b>Delegated to a more senior position.</b></p> <p><b>Delegated to a more senior position.</b></p>	<p><input type="checkbox"/> Where total compensation does not exceed \$1 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$1 Million.</p> <p><input type="checkbox"/> Issuance of RFPs/REOs.</p> <p><input type="checkbox"/> Initiate process &amp; authorize GM, Transportation Services to give notice of proposed by-law.</p> <p><b>Delegated to a more senior position.</b></p> <p><input type="checkbox"/> Where total compensation does not exceed \$1 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$1 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 \$1 Million.</p> <p><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.</p> <p><b>Leases pursuant to the Community Space Tenancy Policy delegated to a more senior position.</b></p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$1 Million.</p> <p><input type="checkbox"/> (a) Where total compensation does not exceed \$1 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 \$1 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/Caution</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>

**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, Transaction Services 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, Corporate Services and any related documents.

Consultation with Councillor(s)															
Councillor:	Joe Cressy				Councillor:										
Contact Name:					Contact Name:										
Contacted by:	Phone	X	E-Mail		Memo		Other	Contacted by:	Phone		E-mail		Memo		Other
Comments:	No comments.				Comments:										
Consultation with Divisions and/or Agencies															
Division:					Division:	Financial Planning									
Contact Name:					Contact Name:	Filisha Jenkins									
Comments:					Comments:	None									
Legal Division Contact															
Contact Name:	Charlene Farrugia														

DAF Tracking No.: 2020-075	Date	Signature
Concurred with by: Manager, Real Estate Services		
<input checked="" type="checkbox"/> Recommended by: Manager, Real Estate Services Alex Schuler	June 4, 2020	Signed by Alex Schuler
<input type="checkbox"/> Approved by:		
<input checked="" type="checkbox"/> Approved by: Director, Real Estate Services Graham Leah	June 10, 2020	Signed by Graham Leah

**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 50M<sup>2</sup> 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").

**Comments continued:**

Although the Tenant has erected various structures on the site without building permits or proper authorization, and has occupied and enclosed with fencing adjacent City lands without permission, their occupation of these areas has continued uninterrupted since at least the late-2000's. The Tenant largely makes their rent payments on time and appears willing to work with the City to accommodate Waterfront Toronto's imminent need for these lands.

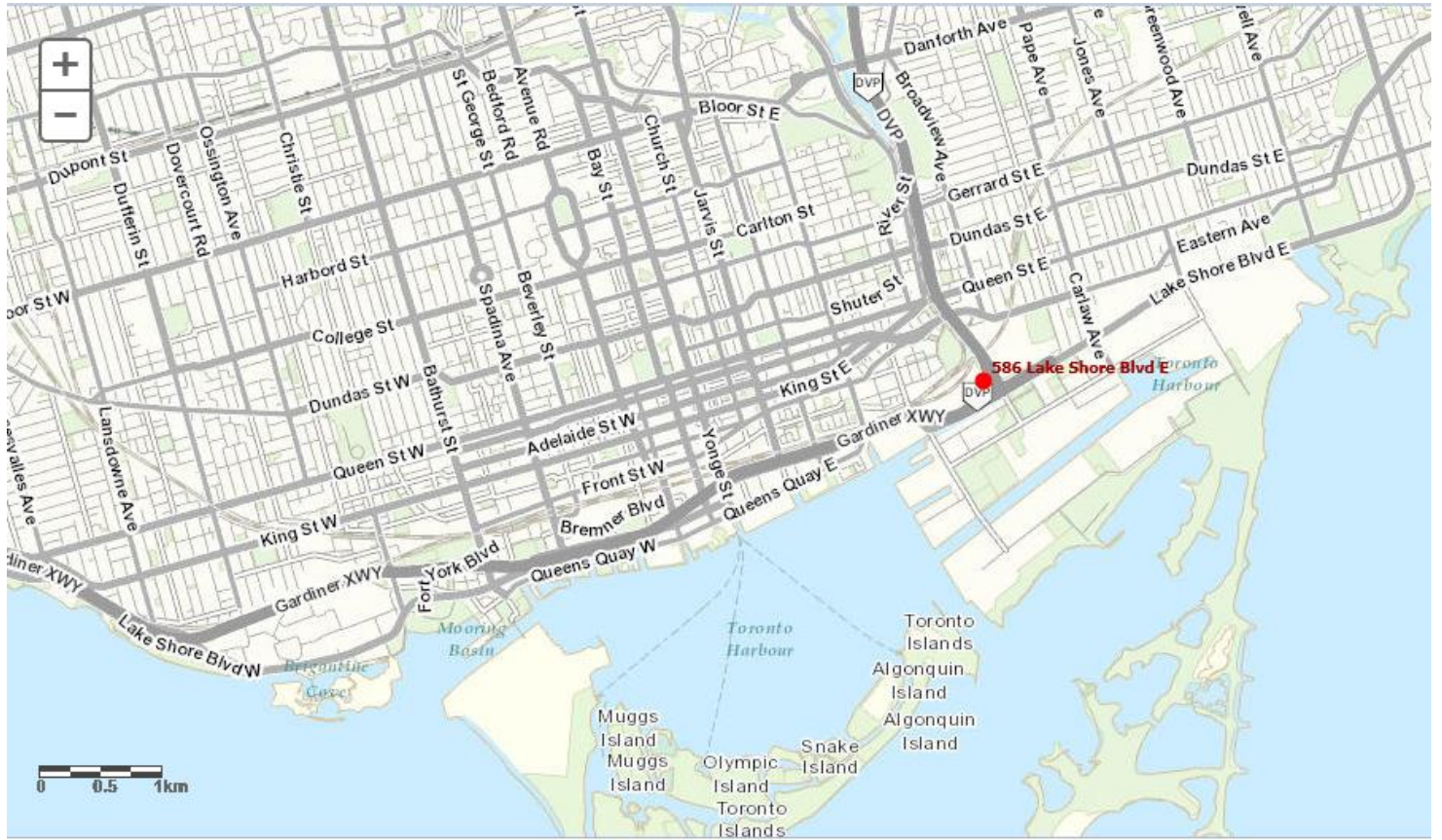
The proposed Agreement will increase lease revenue for the entirety of 2020 to market rate, capture all lands still being used by the Tenant, require that the Tenant remove the various structures erected, and secure indemnification from the Tenant regarding such structures and their unauthorized occupation of City lands. Additionally, throughout the extended term, the City will reserve the right with 48-hours' notice to modify the area of the Expanded Premises or to terminate the Lease.

In light of the above considerations, CREM staff consider the proposed rent and other terms and conditions of the Agreement to be fair, reasonable and reflective of market rates.

**Appendix "A"****Major Terms and Conditions:**

1. Term: January 1, 2020 to December 31, 2020
2. Basic Rent: \$4.59 per square foot payable in equal monthly installments of \$12,512.61 in advance; being \$150,151.34 per annum for 32,712.71 square feet.
3. Additional Rent: The Tenant shall continue to pay Additional Rent in accordance with the terms of the Lease, including realty taxes and a proportionate share of operating costs; commencing January 1, 2020, Additional Rent shall be based on the Expanded Premises.
4. Lump Sum Payment: Within 60-days of execution of the Agreement, the Tenant shall pay to the City the difference between the total Basic Rent and Additional Rent payable pursuant to the Agreement, and the total Basic Rent and Additional Rent already paid by the Tenant to the City in respect of their occupancy from January 1, 2020.
5. Unauthorized structures and buildings: to be removed by the Tenant prior to the expiry or early termination of the Lease at their cost. The Tenant is to indemnify City against claims, damages, demands, losses, expenses, costs, charges, actions or other proceedings associated with such unauthorized structures and buildings.
6. The Tenant is to indemnify the City with respect to their past unauthorized occupation of adjacent City-owned lands.
7. Planned Construction & Access: The Tenant acknowledges the planned construction in the area and associated anticipated disruption. The City and Waterfront Toronto shall have unrestricted access to the Expanded Premises for the purposes of conducting surveys and assessments.
8. Early Termination: City shall have the right to terminate the Lease in whole or in part upon with 48-hours' notice to the Tenant. The Tenant shall have the right to terminate the Lease in whole or in part, upon 30-days' prior written notice to the City.

Location Map





# Appendix "B"

## Sketch of the Expanded Premises:

