

DELEGATED APPROVAL FORM

CITY MANAGER

TRACKING NO.: 2021-008

Approved pursuant to the Delegated Authority contained in Article 2 of City of Toronto Municipal Code Chapter 213, Real Property

Prepared By:	Myron Menezes	Division:	Corporate Real Estate Management																																
Date Prepared:	June 30, 2021	Phone No.:	(416) 338-3586																																
Purpose	To obtain authority to enter into a fifth lease extension agreement with Stanley Dodson carrying on business as Dodson-Lesmark Developments (the "Landlord") with respect to the property municipally known as 779 The Queensway for the continued use of the premises as an employment center operated and managed by Toronto Employment & Social Services (the "Agreement").																																		
Property	The property municipally known as 779 The Queensway, Toronto, legally described as Part of Lot 4 on Plan 3959, Part of Lots 4, 8 and 9 and all of Lots 5, 6 and 7 on Plan 3768, All designated as Parts 5, 6 and 7 on Reference Plan 64R-12903, City of Toronto, being all of PIN 07603-0508 (the "Property"), as shown on the Location Map in Appendix "B".																																		
Actions	1. Authority be granted to enter into the Agreement with the Landlord, 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.																																		
Financial Impact	<p>The total estimated cost to the City for the five (5) year lease extension, commencing November 1, 2020 and expiring October 31, 2025 is approximately \$3,020,156.10 (plus HST) or \$3,073,310.85 (net of HST recoveries). This figure includes the payment by the City 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 premises.</p> <p>The City has the option to extend the Term of the Lease for five (5) years commencing November 1, 2025 and expiring on October 31, 2030 on the same terms and conditions for total estimated cost of \$3,231,096.24 (net of HST recoveries). Total estimated cost to the City inclusive of the option to extend is \$6,304,407.08 (net of HST recoveries). Funding is available in the 2020 and 2021 Council Approved Operating Budgets for Toronto Employment & Social Services (TESS) under cost center C01211. Future year expenditures will be referred to the City's annual budget process and will be included as part of the future year budget submissions for Council consideration. Details of the financials are shown in Appendix A.</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th><th>Term / Period</th><th>Total Expenditures (plus HST)</th><th>Total Expenditures (net of HST recoveries)</th></tr> </thead> <tbody> <tr> <td>2020</td><td>Nov 2020 - Dec 2020</td><td>94,050.00</td><td>95,705.28</td></tr> <tr> <td>2021</td><td>Jan 2021 - Dec 2021</td><td>565,337.85</td><td>575,287.80</td></tr> <tr> <td>2022</td><td>Jan 2022 - Dec 2022</td><td>579,087.78</td><td>589,279.73</td></tr> <tr> <td>2023</td><td>Jan 2023 - Dec 2023</td><td>622,975.21</td><td>633,939.58</td></tr> <tr> <td>2024</td><td>Jan 2024 - Dec 2024</td><td>629,503.17</td><td>640,582.42</td></tr> <tr> <td>2025</td><td>Jan 2025 - Oct 2025</td><td>529,202.08</td><td>538,516.04</td></tr> <tr> <td>Total</td><td>Nov 1, 2020 - Oct 31, 2025</td><td>\$ 3,020,156.10</td><td>\$ 3,073,310.85</td></tr> </tbody> </table>			Fiscal Year	Term / Period	Total Expenditures (plus HST)	Total Expenditures (net of HST recoveries)	2020	Nov 2020 - Dec 2020	94,050.00	95,705.28	2021	Jan 2021 - Dec 2021	565,337.85	575,287.80	2022	Jan 2022 - Dec 2022	579,087.78	589,279.73	2023	Jan 2023 - Dec 2023	622,975.21	633,939.58	2024	Jan 2024 - Dec 2024	629,503.17	640,582.42	2025	Jan 2025 - Oct 2025	529,202.08	538,516.04	Total	Nov 1, 2020 - Oct 31, 2025	\$ 3,020,156.10	\$ 3,073,310.85
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Comments	<p>The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with the financial implications as identified in the Financial Impact section.</p> <p>At its meeting held on February 22, 23 and 24, 1995, the Council of Former Municipality of Metropolitan Toronto adopted Clause No. 5 of Report No. 3 of the Environmental & Public Space Committee which authorized entering into a lease at the Property for a seven (7) year term expiring October 15, 2002.</p> <p>The original lease was extended for another three (3) years pursuant to a lease extension agreement dated February 18, 2004 authorized by DAF 2003-086, wherein the original lease was extended for a term commencing on October 16, 2002 and expiring on October 15, 2005.</p> <p>The original lease was further extended for another five (5) years and sixteen (16) days pursuant to a second lease extension agreement dated November 10, 2006 authorized by Administration Committee Report 6, Clause 24, adopted by Council on September 25 and 26, 2006, wherein the original lease was extended for a term commencing on October 16, 2005 and expiring on October 31, 2010.</p> <p>The original lease was further extended for another five (5) years pursuant to a third lease extension agreement dated September 24, 2010 authorized by DAF 2010-138, wherein the original lease was extended for a term commencing on November 1, 2010 and expiring on October 31, 2015.</p> <p>The original lease was further extended for another five (5) years pursuant to a fourth lease extension agreement dated November 1, 2015 authorized by DAF 2016-007, wherein the original lease was extended for a term commencing on November 1, 2015 and expiring on October 31, 2020.</p> <p>City Council on March 5, 6, 7 and 8, 2007 adopted Item No. GG2.7 to declare the Property a Municipal Capital Facility. Toronto Employment & Social Services confirms that the Property is required and supports the Agreement.</p> <p>The proposed rent and other major terms and conditions of the Agreement are considered to be fair, reasonable and reflective of market rates.</p>																																		
Terms	See Appendix "A"																																		
Property Details	<table border="1"> <tr> <td>Ward:</td><td>3 – Etobicoke-Lakeshore</td></tr> <tr> <td>Assessment Roll No.:</td><td>191901503000600</td></tr> <tr> <td>Approximate Size:</td><td></td></tr> <tr> <td>Approximate Area:</td><td>City's portion of Total lot: 2,090.32 m2 ± (22,500 ft2 ±)</td></tr> <tr> <td>Other Information:</td><td>Part of PIN 076030508</td></tr> </table>			Ward:	3 – Etobicoke-Lakeshore	Assessment Roll No.:	191901503000600	Approximate Size:		Approximate Area:	City's portion of Total lot: 2,090.32 m2 ± (22,500 ft2 ±)	Other Information:	Part of PIN 076030508																						
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A.	City Manager has approval authority for:
1. Acquisitions:	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
2A. Expropriations Where City is Expropriating Authority:	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.
2B. Expropriations For Transit-Related Purposes Where City is Property Owner or Has Interest in Property Being Expropriated:	<input type="checkbox"/> (a) Acceptance of statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.
3. Issuance of RFPs/REOs:	Request/waive hearings of necessity delegated to less senior positions.
4. Permanent Highway Closures:	Delegated to less senior positions.
5. Transfer of Operational Management to Divisions, Agencies and Corporations:	Delegated to less senior positions.
6. Limiting Distance Agreements:	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
7. Disposals (including Leases of 21 years or more):	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:	Delegated to less senior positions.
9. Leases/Licences (City as Landlord/Licensor):	<input type="checkbox"/> Where total compensation (including options/ renewals) does not exceed \$10 Million. Leases/licences for periods up to 12 months at less than market value delegated to less senior positions. Leases pursuant to the Community Space Tenancy Policy delegated to a less senior position.
10. Leases/Licences (City as Tenant/Licensee):	<input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> Where total compensation does not exceed \$10 Million. Nominal sum easements to pre-existing utilities when closing roads delegated to less senior positions.
12. Easements (City as Grantee):	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
13. Revisions to Council Decisions in Real Estate Matters:	<input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (U)).
14. Miscellaneous:	Delegated to less senior positions.

B. City Manager has signing authority on behalf of the City for:

- Documents required to implement matters for which this position also has delegated approval authority.

Pre-Condition to Approval

☒ Complies with General Conditions in Appendix B of City of Toronto Municipal Code Chapter 213, Real Property

Consultation with Councillor(s)

Councillor:	Mark Grimes	Councillor:	
Contact Name:	Kim Edgar	Contact Name:	
Contacted by:	Phone <input checked="" type="checkbox"/> E-Mail <input type="checkbox"/> Memo <input type="checkbox"/> Other <input type="checkbox"/>	Contacted by:	Phone <input type="checkbox"/> E-mail <input type="checkbox"/> Memo <input type="checkbox"/> Other <input type="checkbox"/>
Comments:	No Objections - September 28, 2020	Comments:	

Consultation with Divisions and/or Agencies

Division:	Toronto Employment and Social Services	Division:	Financial Planning
Contact Name:	Ilir Shijaku	Contact Name:	Patricia Libardo
Comments:	Comments incorporated - June 19, 2020	Comments:	Comments incorporated – October 30, 2020

Legal Services Division Contact

Contact Name:	Emily Ng
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DAF Tracking No.: 2021- 008	Date	Signature
Recommended by: Manager, Real Estate Services	June 30, 2021	Signed by Daran Somas
Recommended by: Director, Real Estate Services	July 21, 2021	Signed by Alison Folosea
<input checked="" type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management Patrick Matozzo	July 28, 2021	Signed by Patrick Matozzo
<input checked="" type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services Josie Scioli	July 29, 2021	Signed by Josie Scioli
<input checked="" type="checkbox"/> Approved by: City Manager Chris Murray	August 4, 2021	Signed by Chris Murray

Appendix "A"**Major Terms & Conditions**

Landlord: Stanley Dodson carrying on business as Dodson-Lesmark Developments

Tenant: City of Toronto

Premises: Freestanding single story building of approximately 22,500 square foot of rentable area and parking on a portion of the property known municipally as 779 The Queensway, Toronto

Term: Five (5) years commencing on November 1, 2020 and expiring on October 31, 2025

Net Rent: Years 1 and 2: \$12.50 per square foot applicable to the rentable area, totaling \$281,250.00 per annum with monthly installments of \$23,437.50;
Years 3 to 5: \$14.50 per square foot applicable to the rentable area, totaling \$326,250.00 per annum with monthly installments of \$27,187.50;

Additional Rent: The City shall continue to pay its proportionate share of common area expenses which are currently estimated at:

1. \$1.98 per square foot per annum in year 1 applicable to the rentable area, totaling \$44,550.00 per annum with monthly installments of \$3,712.50;
2. \$2.02 per square foot per annum in year 2 applicable to the rentable area, totaling \$45,530.10 per annum with monthly installments of \$3,794.18;
3. \$2.07 per square foot per annum in year 3 applicable to the rentable area, totaling \$46,531.76 per annum with monthly installments of \$3,877.65;
4. \$2.11 per square foot per annum in year 4 applicable to the rentable area, totaling \$47,555.46 per annum with monthly installments of \$3,962.96;
5. \$2.16 per square foot per annum in year 5 applicable to the rentable area, totaling \$48,601.68 per annum with monthly installments of \$4,050.14;

Parking: The Landlord shall continue to provide to the City fifty (50) surrounding unreserved parking spaces and fifty (50) dedicated parking spaces at no additional charge to the City during the Term.

Option to Extend: Provided the City has given notice to the Landlord, at least six (6) months' prior to the expiration of the Lease, the City shall have the right to extend the Term of the Lease for five (5) years commencing November 1, 2025 and expiring on October 31, 2030 on the same terms and conditions, save and except for the rental rate, which shall be negotiated by the parties based upon fair market rent for similar premises and failing an agreement three (3) months prior to the expiration of the Lease, the rental rate shall be determined by arbitration in accordance with the *Arbitrations Act (Ontario)*.

Early Termination: The City has the right (but not the obligation) to terminate the Lease at any time after October 31, 2023 by giving the Landlord at least twelve (12) months prior written notice.

Landlord's Improvements: The Landlord is to: (a) remove and replace certain portions of the asphalt in parking lot as shown in Appendix "C"; and (b) remove existing landscaping and replace same with stones in the areas shown in Appendix "C", to the satisfaction of the City on or before ninety (90) days after the execution of the Agreement.

Cash Flow:

Nov 1, 2020 - Oct 31, 2025	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
Rent (plus HST)	\$281,250.00	\$281,250.00	\$326,250.00	\$326,250.00	\$326,250.00	\$1,541,250.00
Price/ft2 (plus HST)	\$12.50	\$12.50	\$14.50	\$14.50	\$14.50	
Operating Costs (plus HST)	\$283,050.00	\$289,277.10	\$295,641.20	\$302,145.30	\$308,792.50	\$1,478,906.10
Operating Costs/ft2 (plus HST)	\$12.58	\$12.86	\$13.14	\$13.43	\$13.72	
Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Taxes/ft2	MCF	MCF	MCF	MCF	MCF	MCF
Total (plus HST)	\$564,300.00	\$570,527.10	\$621,891.20	\$628,395.30	\$635,042.50	\$3,020,156.10
Total (including HST)	\$637,659.00	\$644,695.62	\$702,737.05	\$710,086.69	\$717,598.02	\$3,412,776.39

*Operating costs are based on the price from the landlord of \$1.98/ft2 for CAM and the City's internal TMI premises costs of \$10.60/ft2 for the first year of extension with 2.2% increase per year for remainder years. The charges will be reconciled with actual expenses per section 4 Clause 4 of the lease.

*Early termination right for City clause added giving us the right to terminate any time after the first 3 years as long as 1 year's written notice is provided.

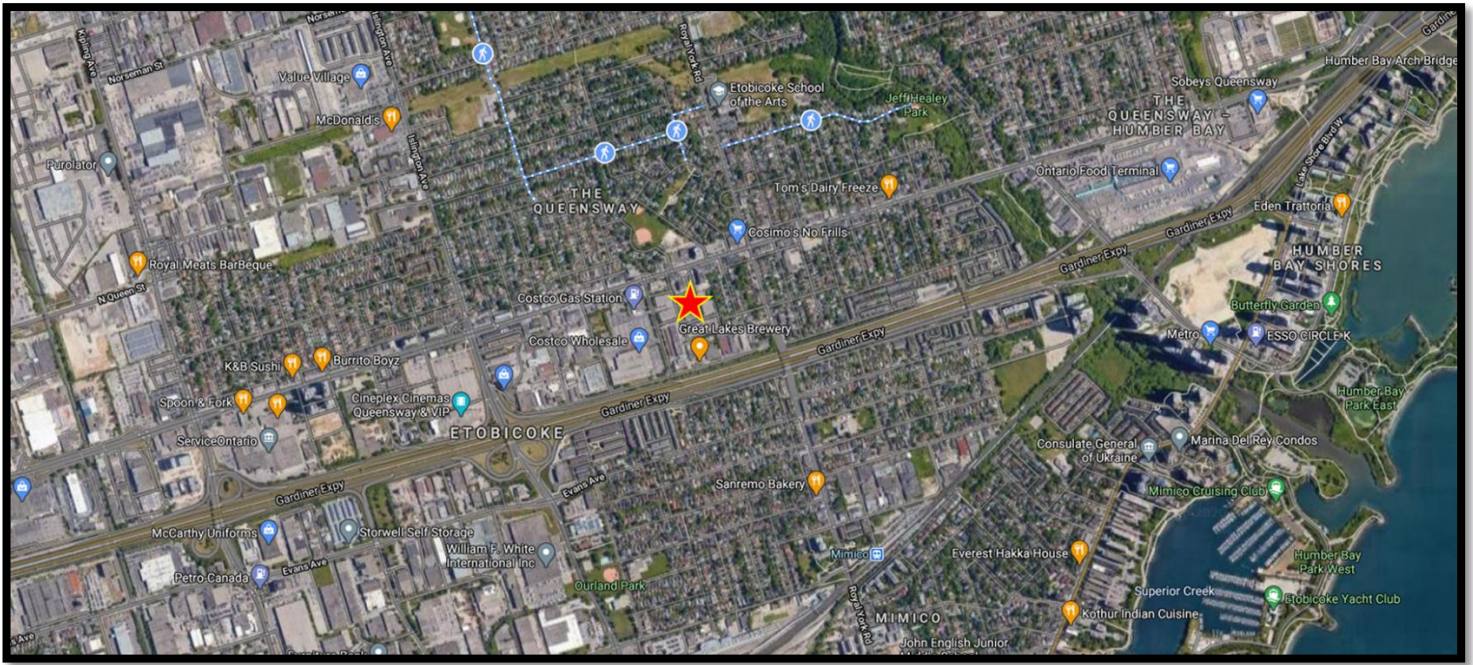
*TESS is responsible for all operating costs within the premises. Operating costs mentioned above are a combination of landlord's CAM costs and the premises's TMI costs.

*Parking spaces will continue to be included in the lease at no additional cost which is in line with surrounding area offers.

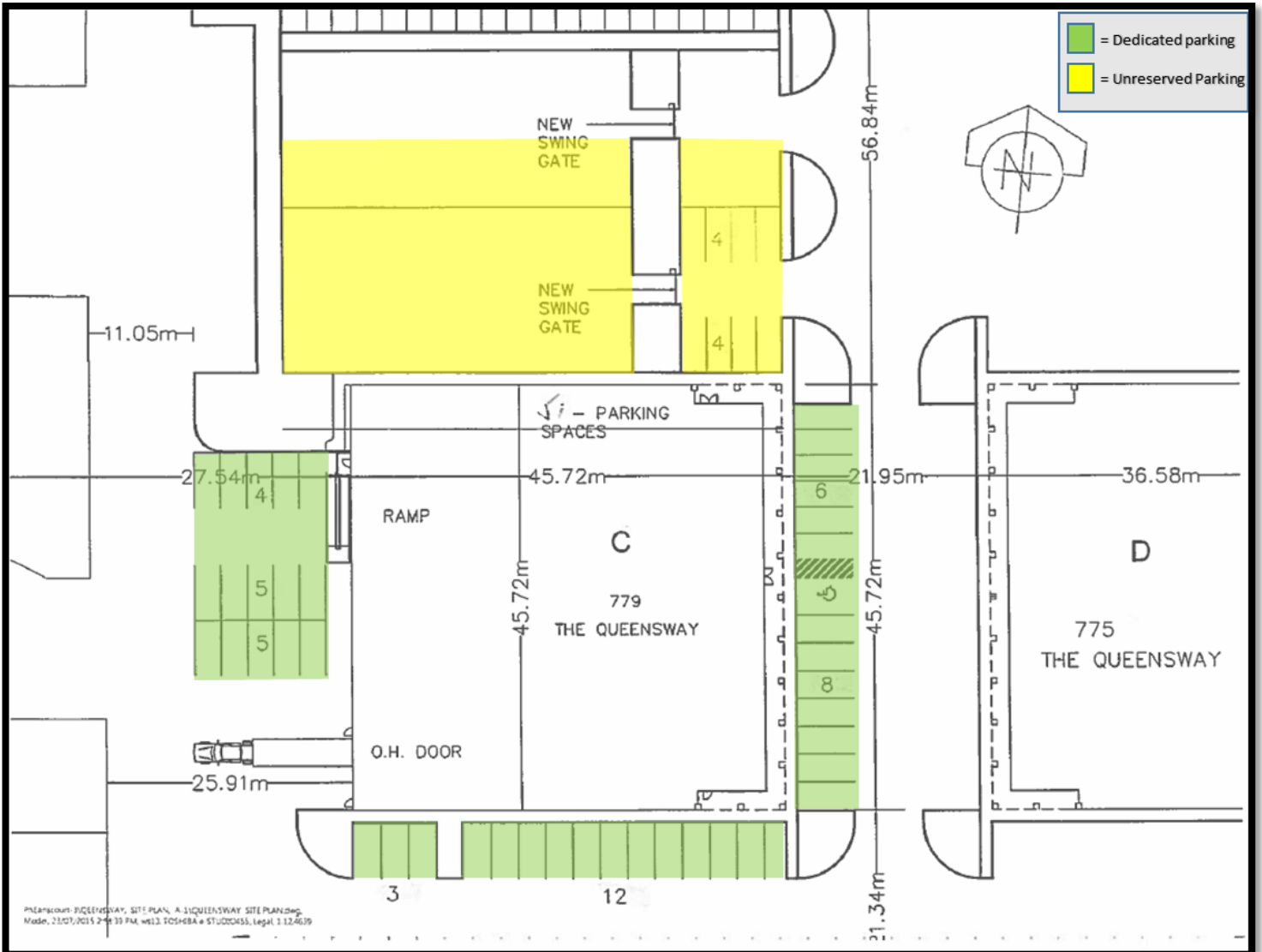
*One additional Option to extend of 5 years (with 6 months advanced written notice) under the same terms and conditions except for the rental rate which shall be negotiated by the parties based upon fair market rent for similar premises.

Appendix "B"

Aerial Location Map



Parking Plan



Appendix CParking LotLandscaping