

DELEGATED APPROVAL FORM

CITY MANAGER

TRACKING NO.: 2022-010

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

Prepared By:	Joanna Mysak	Division:	Corporate Real Estate Management
Date Prepared:	January 17, 2022	Phone No.:	(416) 338-0405

Purpose To obtain authority to enter into a lease extension and amending agreement with Paradise Lifetime Rogers Inc. (the "Landlord") with respect to part of the property municipally known as 605 Rogers Road for the purpose of an office space to be occupied by Toronto Employment & Social Services for a term of five (5) years with an option to extend for an additional five (5) years (the "Lease Extension and Amending Agreement").

Property Approximately 10,075 square feet of space on the ground floor, 207 square feet on mezzanine level and 22,698 square feet of space on the second floor in a portion of the building known municipally as 605 Rogers Road (the "Leased Premises"), as illustrated in Appendix "B".

Actions 1. Authority be granted to enter into a Lease Extension and Amending 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 The total estimated cost to the City for the initial five (5) year renewal term, inclusive of net rent and additional rent, is approximately \$3,381,158.14, excluding HST and applicable taxes or \$3,440,666.52 net of HST recoveries. If the five (5) year renewal option is exercised, the total estimated cost to the City over the potential ten (10) years is \$6,842,882.69, excluding HST and applicable taxes or \$6,963,317.43 net of HST recoveries. Annual financial impact to the City is as follows:

Fiscal Year	Period	Basic Rent	Additional Rent	Total Cost
2021	September 1, 2021 - December 31, 2021	\$128,138.83	\$92,046.28	\$220,185.11
2022	January 1, 2022 - December 31, 2022	\$386,979.28	\$276,138.84	\$663,118.12
2023	January 1, 2023 - December 31, 2023	\$394,687.09	\$276,138.84	\$670,825.93
2024	January 1, 2024 - December 31, 2024	\$402,529.38	\$276,138.84	\$678,668.22
2025	January 1, 2025 - December 31, 2025	\$410,658.65	\$276,138.84	\$686,797.49
2026	January 1, 2026 - August 31, 2026	\$277,470.71	\$184,092.56	\$461,563.27
Total cost for the 5-year lease term (excluding HST and applicable taxes)				\$3,381,158.14
Total cost for the 5-year lease term (net of HST recoveries)				\$3,440,666.52

Funding is available in the 2021 Council Approved Operating Budget for Toronto Employment & Social Services (TESS) under cost centre C01205. Future year expenditures will be referred to the City's annual budget process and will be included as part of the 2022 and future year budget submissions for Council consideration.

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with this program for review as part of the 2022 budget process.

Comments Toronto Employment & Social Services (TESS) has been a tenant of the 605 Rogers Road property since August 16, 2001. The lease commenced on August 16, 2001 and expired on August 14, 2011 as documented by DAF No. 2001-018. The lease was extended in 2001 for another five (5) year term commencing on August 15, 2011 and expiring on August 31, 2016 with a further option for five (5) years as documented by DAF No. 2011-054. In 2016, the City exercised its option to extend the lease for a further five (5) year term commencing on September 1, 2016 and expiring on August 31, 2021 with an extension option for five (5) years as documented by DAF No. 2016-219.

The Leased Premises, known as York Humber Employment & Social Services, is used as a major service office with a large catchment area that ranges from College Street in the south to Lawrence Avenue in the north, and from Ossington Avenue in the east to approximately Royal York Road in the west. The ground floor is used to provide direct services to the public while the second floor is used as an office space by TESS staff.

TESS confirms that the Property is required in order to meet ongoing delivery requirements in the catchment area and requested that the City exercise its five (5) year option commencing September 1, 2021 and expiring August 31, 2026. TESS has also requested another five (5) year extension option to which the Landlord has agreed. The long-term plan for social services field offices at this site will be addressed through the City's portfolio strategy for the Social Purpose and Community Portfolio.

Terms Refer to Appendix "A" for the major terms and conditions.

Property Details	Ward:	12 – York South-Weston
	Approximate Area:	3,045 m ² ± (32,773 ft ² ±)

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:	Councillor Frances Nunziata	Councillor:	
Contact Name:		Contact Name:	
Contacted by:	Phone x E-Mail Memo Other	Contacted by:	Phone E-mail Memo Other
Comments:	No Objections – October 27, 2021	Comments:	

Consultation with Divisions and/or Agencies

Division:	Toronto Employment and Social Services	Division:	Financial Planning
Contact Name:	Jeff Parkovnick	Contact Name:	Patricia Libardo
Comments:	Comments incorporated - October 19, 2021	Comments:	Comments incorporated - September 13, 2021

Legal Services Division Contact

Contact Name:	Gloria Lee 9/7/2021
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DAF Tracking No.: 2022-010	Date	Signature
Recommended by: Manager, Real Estate Services	Jan. 26, 2022	Signed by Daran Somas
Recommended by: Director, Real Estate Services	Jan. 27, 2022	Signed by Alison Folosea
<input checked="" type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management Patrick Matozzo	Jan. 30, 2022	Signed by Patrick Matozzo
<input checked="" type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services Josie Scioli	Jan. 31, 2022	Signed by Josie Scioli
<input checked="" type="checkbox"/> Approved by: City Manager Chris Murray	Feb. 2, 2022	Signed by Chris Murray

APPENDIX "A": MAIN TERMS & CONDITIONS

Real Estate Services staff consider the following terms and conditions of the proposed Lease Extension and Amending Agreement, as summarized below, to be fair, reasonable and reflective of market rates.

Leased Premises: Approximately 10,075 square feet of space on the ground floor, 207 square feet on mezzanine level and 22,698 square feet of space on the second floor in a portion of the building known municipally as 605 Rogers Road. The City is not required to pay any rent for the mezzanine level space.

Extension Term: five (5) years commencing September 1, 2021 until August 31, 2026

Further Option to Extend: The City has a right to extend for a further period of five (5) years upon delivery of written notice to the Landlord, which must be received no more than 12 months and not less than 9 months before the expiry of the Extension Term. The option to extend shall be on the same terms and conditions as the original lease agreement dated August 16, 2001 (the "Lease") save and except that new basic rent shall be the then current fair market basic rent.

Landlord's Termination Option: During the extended term the Landlord may provide the Tenant with written notice of its intention to terminate the Lease for the purpose of demolishing the Building. In the event that Landlord's Notice is given, the Term of the Lease shall expire on the date set forth therefor in Landlord's Notice, which shall not be earlier than nine (9) months from the date of Landlord's Notice.

Financial Implications:

Basic (net) rent schedule (all figures are exclusive of HST):

Year	Period	Basic Rent	Additional Rent	Total Cost
2021	September 1, 2021 - August 31, 2022	\$ 384,416.50	\$ 276,138.84	\$ 660,555.34
2022	September 1, 2022 - August 31, 2023	\$ 392,104.83	\$ 276,138.84	\$ 668,243.67
2023	September 1, 2023 - August 31, 2024	\$ 399,851.60	\$ 276,138.84	\$ 675,990.44
2024	September 1, 2024 - August 31, 2025	\$ 407,884.94	\$ 276,138.84	\$ 684,023.78
2025	September 1, 2025 - August 31, 2026	\$ 416,206.07	\$ 276,138.84	\$ 692,344.91
Total cost for the 5-year lease term				\$ 3,381,158.14

Additional Rent: The City shall continue to pay its proportionate share of operating expenses, pursuant to Section 3(2) of the Lease, which is presently \$276,138.84 annually.

Realty Taxes: The City will not be required to pay realty taxes insofar as the Municipal Capital Facility Agreement ("MCFA") dated September 1, 2012 remains in effect. The MCFA was assigned to and assumed by Paradise Lifetime Rogers Inc. by agreement made as of September 10, 2015.

APPENDIX "B": LOCATION AND SITE MAP

