

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

Prepared By:	Boluwarin Mojeed	Division:	Corporate Real Estate Management
Date Prepared:	November 21, 2022	Phone No.:	416-392-7399

Purpose	To obtain authority to enter into a Lease Extension and Amending Agreement between 3052690 Nova Scotia Limited (the "Landlord") and the City (the "Tenant") for the continued use by the Toronto Employment & Social Services of the premises at 220 Attwell Drive, Toronto for a further period of five years commencing on December 1, 2022 and expiring on November 30, 2017.
Property	Approximately 27,437 square feet of rentable space in the building located on the property municipally known as 220 Attwell Drive, Toronto, legally described as Part of Lot 22, Concession 3 Fronting the Humber, designated as Part 1 on Plan 64R-6593, City of Toronto, being part of PIN 07417-0040 (the "Leased Premises"), as shown on the Location Map in Appendix "B".
Actions	<ol style="list-style-type: none"> 1. Authority be granted to enter into a Lease Extension and Amending Agreement between the Landlord and the Tenant for the Leased Premises, substantially on the major terms and conditions set out in Appendix "A", and including such other terms and conditions as deemed appropriate by the approving authority herein, and in a form acceptable to the City Solicitor; 2. Authority be granted to enter into an Acknowledgement of Assignment, Attornment and Non-Disturbance Agreement between the Landlord's lender Firm Capital Mortgage Fund Inc. (the "Mortgagee") and the Tenant, in a form acceptable to the City Solicitor; 3. Authority be granted to enter into a postponement agreement and registration of the postponement of lease in favour of the Mortgagee, in a form acceptable to the City Solicitor, in accordance with Section 14.04 of the lease; and 4. Authority be granted to execute a Tenant's Acknowledgement, in a form acceptable to the City Solicitor and in accordance with Section 14.05 of the lease.
Financial Impact	<p>The total cost to the City for the five (5) year term inclusive of minimum rent, utilities, and additional rent is estimated to be \$2,547,474.78 (plus HST) or \$2,592,310.34 (net of HST recovery).</p> <p>If the option to extend for an additional five (5) year term is exercised, the total estimated cost to the City, inclusive of minimum rent and additional rent, is estimated to be \$2,614,471.73 (plus HST) or \$2,660,486.43 (net of HST recovery). Therefore, the total estimated financial costs to the City over the potential 10 years of the lease would be 5,161,946.51 (plus HST) or \$5,252,796.77 (net of HST recovery).</p> <p>Lease costs to be paid by the City for each fiscal year is shown in Appendix "A" – Major Terms and Conditions. Funding is available in the 2022 Council Approved Operating Budget for Toronto Employment & Social Services under cost centre C01205, and will be included in future operating budget submissions for Council consideration.</p> <p>The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with financial implications as identified in the Financial Impact section.</p>
Comments	<p>Toronto Employment & Social Services has been providing social and employment services at 220 Attwell Drive since 1995 and continues to require the Leased Premises to deliver services to its clients.</p> <p>The original lease at the property was entered into on April 18, 1995. Over time, the lease has since been renewed, amended or extended by way of agreements dated May 31, 2005, May 20, 2010, October 20, 2010, June 1, 2015 and the latest being June 1, 2017. The leased premises was originally 20,397 square feet of rentable area and was expanded in 2010 by 7,040 square feet to create the Leased Premises. The current lease is expiring November 30, 2022. The proposed lease extension is for a further period of five (5) years commencing on December 1, 2022 and expiring on November 30, 2027. In addition to the Lease Extension and Amending Agreement, the City is required to enter into an acknowledgement of assignment, attornment and non-disturbance agreement with the Mortgagee, as well as a postponement agreement in favour of the Mortgagee. Corporate Real Estate Management staff considers the major terms and conditions of the proposed lease extension to be fair, reasonable and reflective of market rates.</p>
Terms	Refer to Appendix "A" – Major Terms and Conditions on page 4.

Property Details	Ward:	1 – Etobicoke North
	Assessment Roll No.:	19 19 038 310 042 01
	Approximate Size:	
	Approximate Area:	27,437 sq. ft.
	Other Information:	

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/REOIs:	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:
<ul style="list-style-type: none"> Documents required to implement matters for which this position also has delegated approval authority.

Pre-Condition to Approval	
<input checked="" type="checkbox"/>	Complies with General Conditions in Appendix B of City of Toronto Municipal Code Chapter 213, Real Property
Consultation with Councillor(s)	
Councillor:	Vincent Crisanti
Contact Name:	Amanda Da Costa
Contact Name:	
Contacted by:	Phone <input type="checkbox"/> X 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 (November 21, 2022)
Comments:	
Consultation with Divisions and/or Agencies	
Division:	Toronto Employment & Social Services
Division:	Financial Planning
Contact Name:	Ilir Shijaku
Contact Name:	Filisha Jenkins
Comments:	No objections
Comments:	Comments have been incorporated
Legal Services Division Contact	
Contact Name:	Michelle Xu

DAF Tracking No.: 2022-283	Date	Signature
Recommended by: Manager, Real Estate Services: Leila Valenzuela	Nov. 22, 2022	Signed by Leila Valenzuela
Recommended by: Director, Real Estate Services: Alison Folosea	Nov. 24, 2022	Signed by Alison Folosea
<input type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management Patrick Matozzo	Nov. 25, 2022	Signed by Patrick Matozzo
<input checked="" type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services Josie Scioli	Nov. 25, 2022	Signed by Josie Scioli
<input type="checkbox"/> Approved by: City Manager Tracey Cook	Nov. 25, 2022	Signed by Tracey Cook

Appendix "A" – Major Terms and Conditions

Landlord: 3052690 Nova Scotia Limited

Tenant: City of Toronto

Leased Premises: Approximately 27,437 square feet in the free-standing building and parking rights at the property municipally known as 220 Attwell Drive illustrated in Appendix "B"

Term: 5 years commencing on December 1, 2022 and expiring on November 30, 2027.

Option to Extend: 1 option term of 5 additional years ("Further Extended Term")

Minimum Rent: \$15.00 per square foot per annum, plus HST for the 5 years. For the Further Extended Term, the minimum rent is estimated to be \$15.45 per square foot per annum, plus HST.

Additional Rent (Common Expenses): estimated 2022 additional rent is \$2.23 per square foot per annum or \$61,184.51 per annum. In addition, the City to pay realty taxes, if any, levied against the Leased Premises, subject to the Municipal Capital Facility Agreement dated February 22, 2012 and By-law No. 630-2011.

Maximum annual escalation cap on Common Expenses: 5% annual year over year maximum escalation

Projects at the Leased Premises:

Base Building Work: the Landlord has agreed to undertake and complete certain improvements requested by the City, having an estimated total cost of \$353,365.00 plus HST, whereby the City will be contributing \$134,665.00 (38%) plus HST, out of the total cost and the Landlord will be contributing the remainder of \$218,700.00 (62%) plus HST out of the total cost.

Fair Wage and Labour Trades Obligations in the Construction Industry Policies: In completing the Base Building work, the Landlord will comply with the City's Fair Wage and Labour Trades Contractual Obligations in the Construction Industry Policies.

The estimated costs for the initial 5-year term by fiscal year are shown below:

	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rent (Before HST)	\$ 411,555.00	\$ 411,555.00	\$ 411,555.00	\$ 411,555.00	\$ 411,555.00
Additional Rent (Before HST)	\$ 64,202.58	\$ 67,495.02	\$ 70,787.46	\$ 74,354.27	\$ 78,195.45
Base Building Work (One-time Payment)	\$ 134,665.00				
Subtotal	\$ 610,422.58	\$ 479,050.02	\$ 482,342.46	\$ 485,909.27	\$ 489,750.45
Total (Subtotal + HST)	\$ 689,777.52	\$ 541,326.52	\$ 545,046.98	\$ 549,077.48	\$ 553,418.01
Total Net of HST Recovery	\$ 621,166.02	\$ 487,481.30	\$ 490,831.69	\$ 494,461.27	\$ 498,370.06

*Additional Rent is estimated to increase annually by 5%

