



STAFF REPORT ACTION REQUIRED

Renewal of West Construction Field Office Lease – 1 East Mall Crescent

Date:	April 27, 2016
To:	TTC Board
From:	Chief Executive Officer

Summary

The purpose of this report is to seek the Board's approval, in respect of the lease of the premises located at 1 East Mall Crescent, Suite 200 (the West Construction Field Office), to extend the term of the lease for an additional five years, subject to the terms and conditions outlined in this report.

Recommendations

It is recommended that the Board:

1. Authorize the execution of the lease amendment agreement to extend the lease between Madekat Holdings Corporation and the Toronto Transit Commission for the lease of the premises located at 1 East Mall Crescent, Suite 200, Toronto, for a term of five years, and amend the lease to provide for an additional option to extend for five years in accordance with the terms and conditions set out in the agreement and as summarized in this report, in accordance with the Toronto Transit Commission's policies, and any other documents or agreements arising as a result of entry into the lease, acceptable to the TTC's Head - Legal and General Counsel.
2. Approve the expenditure of \$396,980 plus HST for rent payments for the premises (including utilities) for a five year term, subject to change from current projections due to the escalation of additional rent, in accordance with the terms and conditions of the lease.

Implementation Points

The recommendations are for TTC staff to proceed with negotiations of the extension and amendment of the lease in accordance with the terms and conditions set out in this report.

Financial Summary

Sufficient funds for the leasing of office space for the West Construction Field Office have been included in the 2016-2025 TTC Capital Budget and Plan as approved by City Council on February 17, 2016.

The Chief Financial & Administration Officer has reviewed this report and agrees with the financial impact information.

Accessibility/Equity Matters

Access is provided from street level to the premises by means of doors and elevators located on the ground floor of the building.

Issue Background

TTC leases space for construction site offices in various parts of the city to effectively manage construction contracts on an ongoing basis. The West Construction Field Office is currently located at 1 East Mall Crescent in the former Etobicoke, with convenient access to transit and highways, and provides space for the construction site staff team.

The West Construction Field Office manages the capital projects that are located in the west end of the city along Line 2 of the subway. The geographic area serviced by this office is between Kipling and Bathurst including the Queensway Bus Garage. The Office presently manages the following 2016 capital projects valued at approximately \$26 million: Ossington Station Easier Access, Kipling Station Roofing, Keele Yard Retrofit, Queensway Garage renewal contracts, Runnymede Station power upgrades, Roncesvalles Garage Acoustical Barrier, Christie Station Sanitary Pumps, and Gunn Building Fire Signal Receiving Centre. The projected 5 year work plan is valued at \$86 million which includes and is not limited to the projects listed in Appendix I. The Office is funded through capital project funding which varies from year to year.

The premises are located within a three storey building generally located at the north east quadrant of Hwy 427 and Dundas Street West. The West Construction Field Office has been located at the premises for almost 10 years, since July 1, 2006, and meets the office operational requirements suitable for the construction site staff team. The existing office location was selected because it continues to provide geographic proximity to the construction sites managed from this office.

TTC staff have evaluated the option of purchasing versus leasing office space in the general area. Since the need for construction office space varies over time based on funding and location for capital projects, it is not feasible to purchase a permanent facility.

TTC staff have consulted with City of Toronto Real Estate Services Portfolio Management staff and confirmed that the City and its Agencies, Boards, Commissions

and Divisions (ABCDs) do not have any surplus office space that meets the requirements of the West Construction Field Office for size, location and use.

Comments

The following is a summary of the terms and conditions of the offer to amend and extend the lease.

Terms and Conditions	
Term:	Five years beginning July 1, 2016 and ending June 30, 2021.
Rentable Area:	2,555 square feet
Basic Rent	Years 1 to 3: \$12.50 per square foot of rentable area. Years 4 to 5: \$13.00 per square foot of rentable area.
Additional Rent	For 2015, estimated at \$16.96 per square foot of rentable area (variable in future years, subject to review by TTC).
Option to Extend:	Additional five year term at market rates.

The total rental commitment for the five year term is estimated at \$396,980 including utilities, plus HST or \$75,276 for the first year of the term.

The proposed base rent is competitive with market rents in the general location of the premises for premises of comparable age and size.

The lease extension and amendment is conditional on Board approval.

This report recommends proceeding with the lease extension and amending agreement based on the terms and conditions set out in this report, and summarized above as a cost effective means of providing a suitable construction field office space for TTC staff.

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Appendix I

Projected 5 Year Project Plan

1. Easier Access Phase III (Elevators) at Royal York, Runnymede, Keele and Lansdowne Stations
2. Passenger Elevator Overhaul at Bathurst Station
3. Replacement of Escalators at Dundas West, Ossington, High Park & Christie Stations
4. Kipling Station Track Expansion
5. Kipling Substation - Leak Remediation
6. Kipling Station - Station Managers Office
7. Kipling Station Entrance Ramp to Bus Roadway On Grade Paving Rehab.
8. Bloor Street Bridge Rehabilitation Works
9. Islington Station Bus Transfer Facility Slab Repairs at Street Level
10. Islington Station Bus Transfer Facility Canopy Structural Paving Rehab
11. Islington Station Bus Transfer Facility Shoring/Street Paving Rehab
12. Islington Station Fieldway Commuter Parking Lot On Grade Paving Rehabilitation
13. Islington Station Lomond Commuter Parking Lot On Grade Paving Rehab.
14. Roofing Rehabilitations at Bathurst, Dundas West, Old Mill and Keele Stations
15. On Grade Paving Rehab at Humberwood Loop, Bathurst Station, Old Mill Station, Dufferin Loop
16. Backflow Preventers - Jane, Runnymede, High Park, Keele, Kipling, Islington, Royal York, Old Mill, Dundas West, Lansdowne, Dufferin, Ossington, Christie, Bathurst, Spadina, St. George
17. Cleaning Outlets Power Upgrades - Kipling, Old Mill, Islington and Royal York Stations
18. Storm Pumps Replacement - Ossington Station
19. Sanitary Pumps Replacement at Runnymede, High Park Stations
20. Queensway Bus Garage - Tail Pipe Exhaust Repairs
21. Queensway Bus Garage - Anti-Slip Flooring In Fuelling Lanes Area
22. Queensway Bus Garage - Compressor And Degrease Area Repairs
23. Queensway Bus Garage - Masonry Chimney Repairs - Masonry Structural Restoration
24. Queensway Bus Garage - Underground Diesel Tanks Replacement
25. Queensway Bus Garage - Bus Washracks Upgrade
26. Queensway Bus Garage - Service Area Equipment Relocation
27. Queensway Bus Garage - Guardrail And Bollard Replacement
28. Queensway Bus Garage - Relocation of Personnel Doorways for Emergency Egress
29. Queensway Bus Garage - Cleaning Equipment