



Report to: General Committee

Meeting Date: May 15th, 2017

SUBJECT: Reporting out of Lease for 160 Dudley Avenue
PREPARED BY: Jacqueline Chan, Assistant City Solicitor, Ext. 4745

RECOMMENDATION:

1. That the report entitled “Reporting out of Lease for 160 Dudley Avenue” be received;
2. And that Staff be authorized and directed to do all things necessary to give effect to this resolution.
3. And that this report entitled “Reporting out of Lease for 160 Dudley Avenue” and the foregoing resolutions be reported out in the next Council meeting.

EXECUTIVE SUMMARY:

Not applicable

PURPOSE:

The purpose of this report is to provide information on the City’s lease to Cyrus Cultural Society of the property municipally known as 160 Dudley Avenue, Markham (the “Property”).

BACKGROUND:

The City acquired the Property, which comprises the former St. Luke Catholic School site on February 13, 2013. The Property includes a vacant 20,000 square foot circa 1955 school building located on 2.564 acres. A Community Meeting was held on November 6, 2013 and was attended by members of Council in addition to 31 members of the community. The public consultation process determined that the community wanted to retain the building and see it used for community purposes and landscaped.

Staff released a Request for Proposal (the “RFP”) to solicit proposals for the adaptive re-use and leasing of the Property. Bids for the RFP closed on March 27, 2015. On May 13, 2015, Council awarded the lease to Cyrus Community Centre, now Cyrus Cultural Society (“Cyrus”) one of the respondents to the RFP.

The City entered into a lease with Cyrus dated as of May 1, 2016 (the “Lease”) reflecting the bid submitted by Cyrus in response to the RFP as well as terms and conditions approved by Council and negotiated by staff. The Lease provides that the Property shall be used solely for operating a non-profit, secular and non-partisan community centre.

Cyrus is a non-religious, non-profit, non-partisan organization focusing primarily on providing leadership development programs to youth between the ages of 15 to 25 years.

However, Cyrus has advised the City that other programs such as fitness, sport, well-being and senior entertainment would be offered to the community.

OPTIONS/ DISCUSSION:

The following is a high-level description of some of the business terms of the Lease:

Term	10 years, commencing May 1, 2016 and ending April 30, 2026												
Extension Rights	The tenant has the right to extend the Term for two additional terms of five (5) years each, subject to the fulfillment of certain conditions												
Net Lease	<p>The Lease is a net lease fully carefree to the City. The City shall not be responsible for any taxes, operating costs or repairs, or any other costs whatsoever, related to the Leased Premises, including utilities.</p> <p>The Property is being leased on an as-is-where-is basis. The City shall have no obligations to complete any work or improvements on the Property.</p>												
Rent	<p>Rent is \$250,000 for the entire Term, payable in years 8, 9 and 10 of the Term as follows:</p> <table border="1"> <thead> <tr> <th>Year of Term</th> <th>Year</th> <th>Amount Payable</th> </tr> </thead> <tbody> <tr> <td>Year 8</td> <td>2023</td> <td>\$50,000</td> </tr> <tr> <td>Year 9</td> <td>2024</td> <td>\$100,000</td> </tr> <tr> <td>Year 10</td> <td>2025</td> <td>\$100,000</td> </tr> </tbody> </table>	Year of Term	Year	Amount Payable	Year 8	2023	\$50,000	Year 9	2024	\$100,000	Year 10	2025	\$100,000
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Year 8	2023	\$50,000											
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Permitted Use	The Property shall be used solely for the purpose of operating a non-profit, secular, non-partisan community centre providing fitness, sports, counseling, activities, development workshops, and other related uses for senior, youth, and community citizens and programs developed in partnership with local school boards, colleges, universities and any other education organization (“ Community Centre ”). The Community Centre being operated at the Property shall be fully accessible to the general public during opening hours.												
Inclusivity	The Property, including the building, shall be open to all members of the community and shall not have affixed on its exterior or interior any symbols, names, flags, words or pictures associated with any single religion or denomination.												
Capital Improvements	<p>The tenant shall, at its sole cost and expense, complete all capital improvements to the Property required to ensure that a Community Centre can be operated. The capital improvements are to be completed within certain timelines, which include the following:</p> <ul style="list-style-type: none"> • Landscaping improvements and the construction of an outdoor tennis court or basketball court –within the first 3 years of the Term • All improvements and repairs to the Property required to obtain and close off applicable permits needed to open up a Community 												

Centre –within first 2 years of the Term																
Community Uses	<p>The following facilities forming part of the Property shall be open and available to the public for booking (“Community Use”) year-round during the public opening hours set out in the table below, save and except during statutory holidays and closures due to exceptional circumstances outlined in the Lease. In the event of a booking conflict between the tenant’s own uses and the Community Uses, the Community Uses shall receive priority. Fees charged by the tenant to the public for Community Uses shall be in line with the fees that the City of Markham charges for similar uses in its community centres. The City reserves the right (but shall not be obligated) to run the Community Uses and utilize the City’s booking system for such rentals.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Facility</th> <th>Required Number of Hours Open to the Public</th> <th>Public Opening Hours</th> </tr> </thead> <tbody> <tr> <td>2 Classrooms</td> <td>72 hours per week for each classroom</td> <td>Between 8:00 AM and 7:00PM</td> </tr> <tr> <td>Large gym</td> <td>36 hours/week, up to 3 separate public use bookings per week</td> <td>Between 8:00 AM and 4:00PM</td> </tr> <tr> <td>Outdoor basketball/ Tennis Courts</td> <td>4 days a week *Tenant shall increase the allocation in the event that there is increased public demand for facilities</td> <td>Between 8:00 AM to 4:00 PM, except during the six (6) months from November to April (both inclusive), during which this facility is closed.</td> </tr> <tr> <td>Outdoor Green Space</td> <td>Unlimited</td> <td>24 hours</td> </tr> </tbody> </table>	Facility	Required Number of Hours Open to the Public	Public Opening Hours	2 Classrooms	72 hours per week for each classroom	Between 8:00 AM and 7:00PM	Large gym	36 hours/week, up to 3 separate public use bookings per week	Between 8:00 AM and 4:00PM	Outdoor basketball/ Tennis Courts	4 days a week *Tenant shall increase the allocation in the event that there is increased public demand for facilities	Between 8:00 AM to 4:00 PM, except during the six (6) months from November to April (both inclusive), during which this facility is closed.	Outdoor Green Space	Unlimited	24 hours
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FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

See above section on Options/Discussions.

ENVIRONMENTAL CONSIDERATIONS:

Not Applicable.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not Applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

The Finance Department was consulted in the preparation of this report.

RECOMMENDED BY:



Catherine M. Conrad, City Solicitor and Acting Director of Human Resources