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January 5, 2006

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **South District Animal Services & Shelter –
Lease Renewal for Leased Property within the Horse Palace**

Purpose:

This report recommends approval of a lease extension with the City of Toronto Public Health ("City") with respect to the South District Animal Services & Shelter at Exhibition Place.

Financial Implications & Impact Statement:

Pursuant to the terms of the lease, the Board in 2005 earned approximately \$20,000 in net profit from the City for Additional Rent which will generally increase by inflation factors over the renewal term plus parking rental of approximately \$15,000 net in 2005.

Recommendation(s):

Subject to approval of City Council, it is recommended that the Board renew the lease with the City for the South District Animal Services & Shelter within the Horse Palace for a renewal term of nineteen (19) years and seven (7) months and otherwise on the same terms and conditions as contained in the present lease.

Background:

At its meeting of November 2001, the Board approved of entering a three (3) year lease with the City for the establishment of a South District Animal Services & Shelter in the Horse Palace at Exhibition Place. The City took possession of the premises on June 1, 2003 and the lease expires on May 31, 2006.

Discussion:

City of Toronto Animal Services, as part of Toronto Public Health, provides various services in the field and through its six Animal Centres. Field services include by-law enforcement, response to public health and safety issues, injured and dead animal pick-up, and educational efforts. Shelter services include the housing of isolation animals, stray and owner-surrendered animals, animal lost-and-found response, animal adoptions, owner-requested euthanasia and

cremations, and sterilization clinics. All field, shelter and administration offices provide animal registrations.

Location of the South District Animal Services and Shelter facility at Exhibition Place provides a convenient and easily accessible location for residents of the South District. In addition, the South District Animal Services was and has continued to participate in events on the grounds including the RAWF, the CNE, Pet Expo and recently introduced additional programming with the Toronto Roadrunners and Toronto Marlies Hockey team within the Ricoh Coliseum.

Locating the Shelter in a portion of the Horse Palace has resulted in the conversion of vacant and underutilized space into revenue-generating, cost-recovery space with an investment of over \$1.0 million in leasehold improvements to the building.

Therefore, staff recommends that the Board renew the present lease with the City for a period of 15 years and 7 months and otherwise on the same terms and conditions of the present lease which generally are as follows:

- (a) Use: Animal Services and Sheltering facilities for the City of Toronto, South District for operation of an animal shelter and adoption facility.
- (b) Leased Property: Located in the south-east corner of the Horse Palace on the main and second levels (formerly known as the "Conklin" offices on the main level and a portion of the "Fox Room" on the second level).
- (c) Leasable Area: Approximately 11,980 sf, comprised of 2,380 sf on the main level and approximately 9,600 sf on the second level.
- (d) Renewal Term: Nineteen (19) years and Seven (7) months from June 1, 2006
- (e) Minimum Rent: \$1.00 per annum.
- (f) Additional Rent: The Board and the City acknowledge that this agreement is fully net to the Board, and that the City shall pay all proportionate share of taxes (if assessed) and all rates and levies associated with its occupation of the Leased Property including but not limited to services (for example, cleaning and waste removal), maintenance and insurance for the Leased Property including the cost of utilities (hydro, gas and water) for the Leased Property. Additional Rent of \$2.00 per square foot will be due and payable during the entire renewal term in equal monthly installments for services provided by the Board including base building maintenance, road and sidewalk maintenance and snow clearance, general grounds and parking area maintenance and repairs and such Additional Rent will increase from time-to-time over the renewal term to reflect increases in union wages, inflation and changes in the cost of materials.
- (g) Other: The City must recognize that from time to time during the Renewal Term, Exhibition Place may be totally closed to the public on a temporary basis and/or an admission fee may be charged to enter Exhibition Place; The City must recognize and comply with all collective agreements between the Board and Labour/Trade Unions; The City acknowledges that the Board retains sole and exclusive claim to all sponsorship rights, including naming rights and signage; The City shall not use the Leased Property for any other purpose than as stated above nor for the following uses, as determined by the Board in its sole discretion: a themed dinner theatre, trade and consumer shows and any activity related to trade and consumer shows, professional sporting events; and a casino.

- (h) **Parking:** The City acknowledges that the Board retains all rights to the operation of all parking facilities and the Board will provide up to a maximum of 30 monthly parking permits to be charged at regular monthly rates per parking space (which rates will be adjusted from time to time at the Board's sole discretion during the renewal term) at designated parking facilities at Exhibition Place which shall be valid throughout the renewal term of the Lease save and except for the period of the Molson INDY and the Canadian National Exhibition when parking passes may be restricted provided that the parties will mutually negotiate the level of restriction using best efforts to provide at least 15 parking passes for parking areas to be designated by the Board.
- (i) **CNE Period:** During the CNE period, if the Leased Property is a public space, the City, if mutually acceptable to the CNEA and the City, may keep the Leased Property open to the public at the same time and times each day as the other exhibit buildings are open to the public, and will not make any charge to the public for admission to the Leased Property or for the use of the Leased Property without the prior approval of the CNE and furthermore, the City will work with the CNE to provide a public display on the City's activities.
- (j) **Sharing of Horse Palace Building:** The City's rights with respect to the Leased Property may include entrances, hallways and washrooms in common with all others, at such times as those areas are open to the public.
- (k) **Rights to Assign or Sublet:** The City shall not have the right to assign the Lease or sublet all or any part of the Leased Property, without the approval of the Board, which approval may be unreasonably withheld.

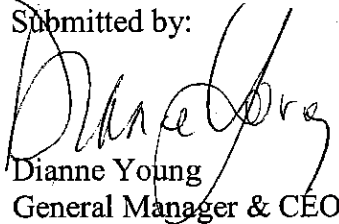
Conclusion:

This report recommends that the Board renew the lease agreement with the City for the animal shelter in premises within the Horse Place.

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Submitted by:



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