

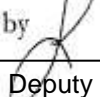
# HALIFAX

P.O. Box 1749  
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**Item No. 11.1.3**  
**Halifax Regional Council**  
**October 7, 2014**

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original signed by   
\_\_\_\_\_  
Richard Butts, Chief Administrative Officer

Original Signed by   
\_\_\_\_\_  
Mike Labrecque, Deputy Chief Administrative Officer

**DATE:** August 22, 2014

**SUBJECT:** Lease Agreement, The TDL Group Corporation, 88 Alderney Drive, Dartmouth

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## ORIGIN

This report originates with a request from The TDL Group Corporation (herein "TDL Group") to extend their existing lease agreement with the Halifax Regional Municipality and continue their commercial operations at 88 Alderney Drive, Dartmouth.

## LEGISLATIVE AUTHORITY

This report, and the recommendations contained herein, are in compliance with Halifax Regional Municipal Charter Section 61, Power of the Municipality regarding property, subsection (5)(c); The Municipality may lease property owned by the Municipality at market value. Leases with a term, inclusive of renewals greater than five (5) years require Regional Council's approval.

## RECOMMENDATION

It is recommended that Regional Council authorize the Mayor and Municipal Clerk to enter into a lease agreement for the commercial unit at 88 Alderney Drive, Dartmouth, between the Halifax Regional Municipality (Landlord) and TDL Group (Tenant), as per the terms and conditions outlined in Table 1 of the Private and Confidential Information report dated August 22, 2014.

**BACKGROUND**

Since 1998, TDL Group has leased a 300 square foot commercial unit from HRM at 88 Alderney Drive, Dartmouth (see Attachment A, Attachment B and Attachment C). Situated on the main floor of the Dartmouth Ferry Terminal building, this unit is subleased to a franchisee and operates as a small format Tim Hortons. The lease agreement has been renewed and extended through the execution of existing renewal options and lease amendments. Pursuant to an Addendum of Lease, dated March 1, 2011, the last remaining two (2) year renewal option was exercised in June 2012, and extended their occupancy until March 31, 2015.

Giving consideration to their impending lease expiry, the tenant expressed interest in establishing a new lease agreement in early 2013. At this time, the tenant was considering an expansion of their existing lease premise area from 300 square feet to 480 square feet; however, TDL Group has since rescinded this expansion. Upon completion of negotiations, a Final Offer to Lease was extended to TDL Group in September 2013, and subsequently accepted in February 2014.

**DISCUSSION**

As of the effective date of this report, the tenant has approximately seven (7) months of term remaining prior to the expiry of their lease. In May 2014, TDL Group notified HRM of their intention to renovate the existing unit. Pursuant to the terms of the existing lease agreement, TDL Group has provided HRM with the layouts and exterior elevations of the planned improvements. The plan, colour schemes and exterior façade will be updated to conform to TDL Group’s current standard and the newly renovated Dartmouth Ferry Terminal interior finishes. The renovation plans and corresponding specifications are subject to landlord approval. All costs associated with the proposed renovation will solely be the responsibility of the TDL Group, or their franchisee. TDL Group has indicated that the aforesaid improvements will occur following the new lease agreement being executed.

Staff has been successful in negotiating a lease agreement with TDL Group that is at market terms and conditions. Execution of this lease agreement will provide the following benefits to HRM: a long term revenue source secured by a strong tenant covenant; ensure the continued service of a commercial amenity to the Dartmouth Ferry Terminal and Dartmouth Waterfront; and the updating of the existing tenant space (at no cost to HRM) to complement the newly renovated interior finishes of the Dartmouth Ferry Terminal.

The following table outlines the key terms and conditions being recommended for Council’s approval:

Table 1

<b>Property Address</b>	88 Alderney Drive, Dartmouth, NS
<b>Tenant</b>	The TDL Group Corporation
<b>Landlord</b>	Halifax Regional Municipality
<b>Area</b>	300 sq. ft. – subject to final survey/measurement
<b>Base Rent*</b>	<i>See Private and Confidential Information Report Dated August 22, 2014</i>
<b>Additional Rent</b>	
<b>Total Rent</b>	
<b>Term</b>	Five (5) years
<b>Renewal Options</b>	Three (3) extension terms of five (5) years each upon the same terms and conditions, save and except Base Rent*, Landlord’s Work, and any Tenant’s Work.
<b>Anticipated Commencement Date</b>	April 1, 2015

\*Base rent for each extension’s term shall be the negotiated fair market net rent for the leased premise.

**FINANCIAL IMPLICATIONS**

See Private and Confidential Information Report Dated August 22, 2014.

**COMMUNITY ENGAGEMENT**

Not applicable.

**ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications associated with this report.

**ALTERNATIVES**

Council can choose not to approve the lease agreement, allow the existing lease to expire, and the tenant will be required to vacate the premise. Council can choose to lease the unit to another prospective tenant. These are not recommended actions because they would create unnecessary expenses in the form of holding and lease-up costs associated with the vacant unit. Staff has negotiated a long term lease agreement, at market terms and conditions, securing a low risk rental revenue stream from The TDL Group Corporation, a strong tenant covenant.

**ATTACHMENTS**

- Attachment A – Location Map
- Attachment B – Preliminary Leased Premise Plan
- Attachment C – Leased Premise Photo

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at (902) 490-4210 or Fax (902) 490-4208.

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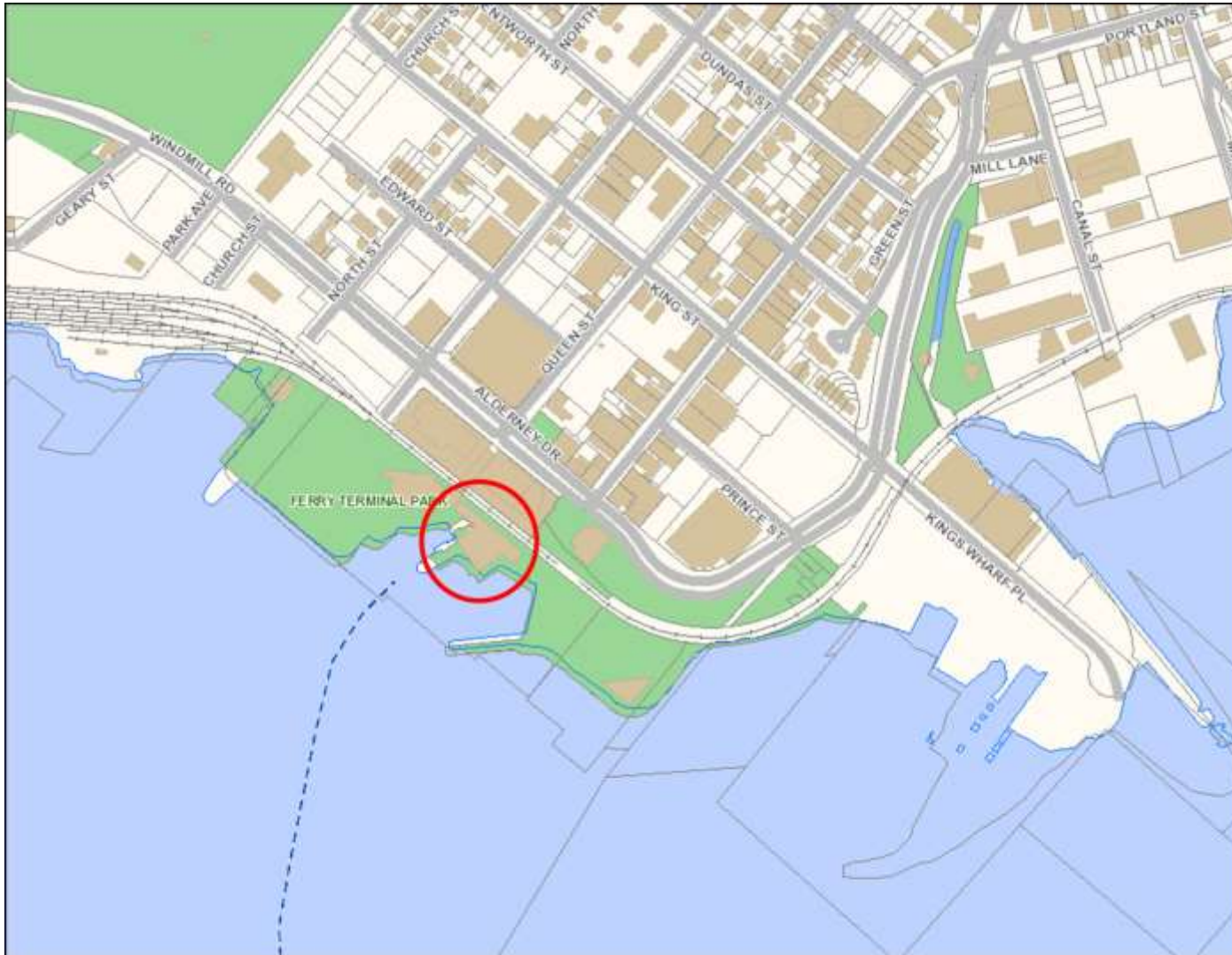
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Report Approved by: \_\_\_\_\_  
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## ATTACHMENT 'A' LOCATION MAP



88 Alderney Drive, Dartmouth

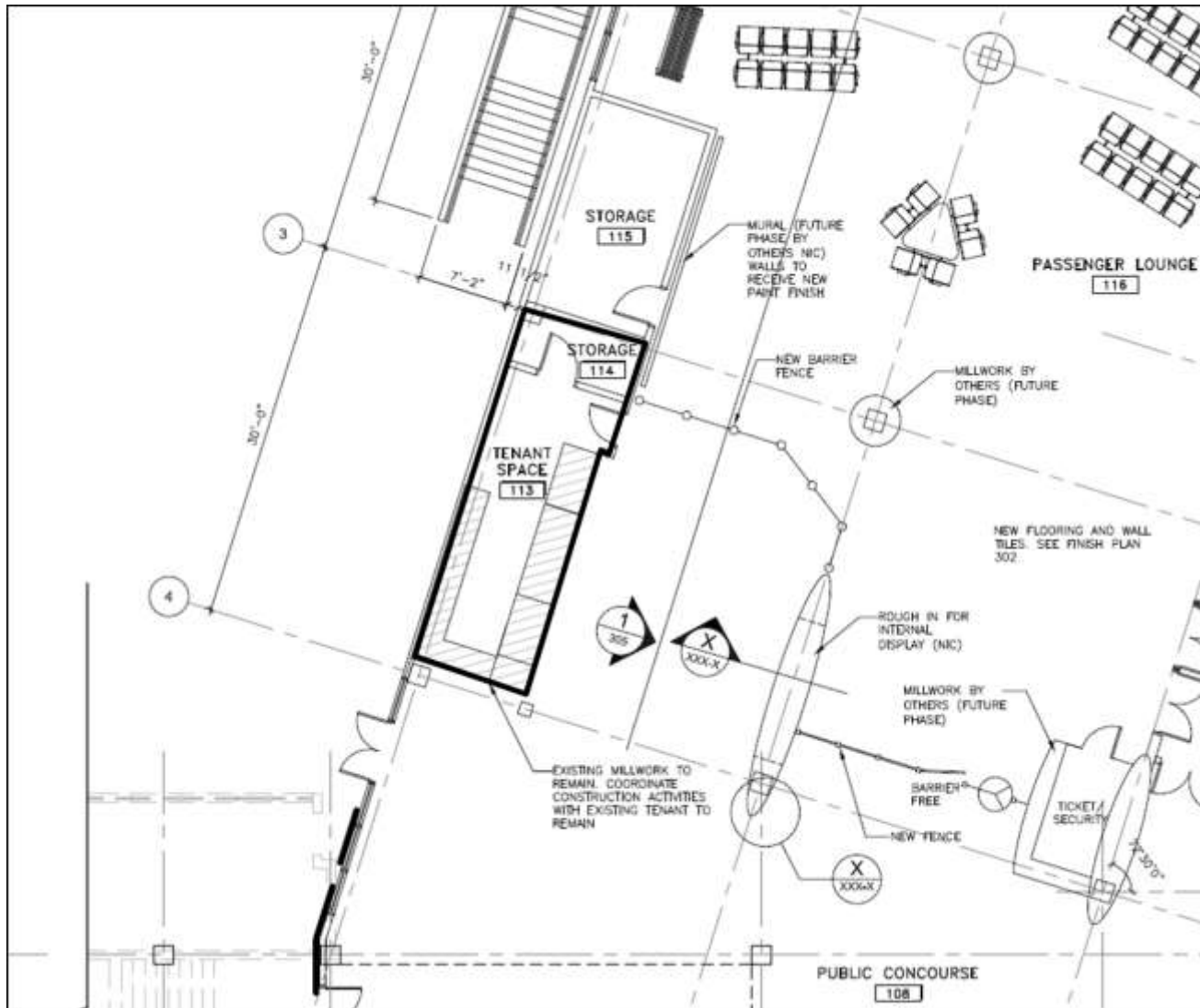
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## ATTACHMENT 'A' LOCATION MAP



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## ATTACHMENT 'B' PRELIMINARY LEASE PREMISE PLAN



Leased premise outlined in black.

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## ATTACHMENT 'C' LEASED PREMISE PHOTO

