

Old City Hall: Future Uses & Tenant Options

Date: January 9, 2018

To: Executive Committee

From: Deputy City Manager Internal Corporate Services
and the Chief Purchasing Officer

Wards: 27

SUMMARY

This report responds to City Council direction of November 3 and 4, 2015, for the Deputy City Manager Internal Corporate Services to report back to City Council on the results of a feasibility study for a museum at Old City Hall, public consultations and the design process for the future uses within two years. This report makes recommendations for a strategy for new tenants at Old City Hall, once the provincial and municipal courts vacate the building by December 31, 2021. Any new use or continued long term use of the building will require significant investment in base building upgrades and heritage restoration work.

This report provides recommendations and analysis to support locating the Museum of Toronto, Toronto Public Library branch and wedding chamber, as well as other complementary uses and themes for tenating the property. Real Estate Services retained CS&P Architects, and Avison Young Commercial Real Estate Ontario Inc. ("Avison Young"), to analyze the market for potential leasing options and to adaptively reuse the property, which has resulted in recommendations for a long-term Head Lessee for tenating the building.

RECOMMENDATIONS

The Deputy City Manager Internal Corporate Services and the Chief Purchasing Officer recommend that:

1. Council direct the Deputy City Manager Internal Corporate Services to further develop a design and plans for Old City Hall that include a Museum of Toronto, a Toronto Public Library branch and wedding chamber with complementary uses such as a museum café and shop, public event space, and institutional uses, consistent with Option 3 as set out in this report.

2. Council direct the Deputy City Manager Internal Corporate Services to commence necessary work with Avison Young to develop and undertake an RFP process to seek and secure a Head Lessee for a long-term lease of Old City Hall, to commence once the current lease with the Tenant has expired and report back to Council in second quarter of 2019 with final recommendations for a Head Lessee and strategy for new tenants at Old City Hall.
3. City Council release the exclusive reservation placed on the courtyard area of Old City Hall for the future use of the Museum of Toronto and to investigate publicly accessible event space within the courtyard and lobby areas as part of a new tenant mix.
4. City Council direct the Deputy City Manager Internal Corporate Services to address the needs of the Ministry of the Attorney General as it relates to any impacts of the building revitalization to their existing lease at Old City Hall.
5. City Council grant authority to amend contract (Purchase Order #6040924) issued to Avison Young Commercial Real Estate Ontario Inc., in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), satisfactory to the City Solicitor, in the additional amount of up to \$319,500 (net of all applicable taxes), revising the current contract value from \$783,883 to \$1,103,383 (net of all applicable taxes), to provide continuing professional services to establish the process to select a Head Lessee and report back to Council on the results of that selection process and to provide a business case for the next phase of work.
6. City Council authorize the Deputy City Manager, Internal Services, to negotiate and enter into a contract with CS&P Architects, in the amount of up to \$420,000 (net of all applicable taxes) on terms and conditions satisfactory to the Deputy City Manager, Internal Services and in a form satisfactory to the City Solicitor, for the development of designs and plans for Old City Hall, consistent with Option 3 as set out in this report.

FINANCIAL IMPACT

The recommendations contained in this report will require the ongoing development of the selected option with the consultant team. Funding to further develop the selected option is included in the 2017-2026 Council Approved Capital Budget and Plan for Facilities, Real Estate, Environment & Energy (FREEE). Additional funding of \$0.180 million in 2018 is required to complete the work in order to report back to Council in second quarter of 2019 and is included in Facilities, Real Estate, Environment & Energy's (FREE) 2018-2027 Preliminary Capital Budget and Plan for Council consideration.

Approval of these recommendations will also amend Purchase Order #6040924, issued to Avison Young, in the additional amount of up to \$319,500 (net of all applicable taxes) (\$325,123 net of HST recoveries), revising the current contract value from \$783,883 to \$1,103,383, net of all applicable taxes (from \$797,680 to \$1,122,803 net of HST recoveries). The delivery date for completion of the professional services covered by Purchase Order No. 6040924 was November 30, 2017. The amendment includes a revision to the purchase order completion date to December 31, 2019.

Any financial impacts, including updated operating revenues, costs and capital investments, resulting from the further development of designs, plans and tenant strategies, will form part of the report back to Council in 2019 with the final recommendations.

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

DECISION HISTORY

City Council on November 3 and 4, 2015, adopted recommendations for GM 7.5 Old City Hall – Future Tenant Options.

Link to decision:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM7.5>

City Council on May 17, 18 and 19, 2011, recommendations for GM 3.17 Old City Hall – Future Uses.

Link to decision:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.GM3.17>

City Council on May 26 and 27, 2008, adopted recommendations for GM 14.9 Lease Extension for Old City Hall to Her Majesty the Queen in Right of Ontario as Represented by the Minister of Public Infrastructure Renewal.

Link to decision:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.GM14.9>

As a result of a competitive process, Purchase Order 6040924 was issued in January 2015 in the amount of \$283,910 to provide consulting services for a highest and best use analysis for tenanting options at Old City Hall. Following a report to City Council in November 2015 additional amendments were required to the PO to address additional scope identified by Council to examine the feasibility of a museum of Toronto at Old City Hall, including architectural and heritage studies, revised financial modelling and tenant mix options to complement a Museum of Toronto, identifying base building and heritage requirements and to prepare for public consultation.

ISSUE BACKGROUND

Old City Hall is a National Historic Site and municipally designated heritage property protected by bylaw #332-86. The building was designed by the prominent architect EJ Lennox and construction was completed in 1899. The building is comprised of four floors and an attic making up approximately 406,000 square feet of space (gross). The building was built with large corridors, a lobby, mezzanine, courtrooms and high ceilings befitting its purpose as Toronto City Hall and York County Courthouse. The configuration of the spaces for these purposes results in an inefficient floorplate by modern standards: of the 406,000 square feet, approximately 170,000 square feet could be deemed usable with a covered courtyard providing an additional 23,000 square feet

of rentable space, however the grand lobby, mezzanine and courtyard present opportunities for potential future civic ceremonial and special event space. The building sits at the prominent intersection of Bay Street and Queen Street West, just east of New City Hall, and is a major landmark in the city. It is important for the building to be conserved as a showpiece of the City's history and its built heritage. The conservation of the building presents an opportunity to find potential uses, tenants and Head Lessees who are committed to recognize the special characteristics in its future uses.

Paramount in the consideration of options for Old City Hall is the need to make the building publicly accessible. The building's current use as a provincial courthouse means that security-screening checkpoints greet any visitors to Old City Hall. Public access to spaces in the building is limited. This condition creates a deterrent to tourists and visitors who wish to explore the building. New public uses and tenants in the building will be an opportunity to increase the public profile of the building as well as provide services for residents and visitors.

In its decision on November 3 and 4, 2015, Council directed the Chief Corporate Officer to enter into a lease extension with IO/MEDEI until December 31, 2021. Council also directed the Chief Corporate Officer to:

- undertake a feasibility study for a museum and complementary ancillary public uses;
- undertake a public consultation process including a charrette to document feedback on potential public uses for Old City Hall including a museum;
- develop a proposed design process; and
- report back to the Government Management Committee within two years on the results of the process.

Staff have undertaken a review of the feasibility of a Museum of Toronto at Old City Hall and have held a public consultation and online survey on the matter. The results of those undertakings are documented in this report.

Public Consultation

Real Estate Services led a public consultation event and online survey, as well as created a dedicated webpage to document feedback on potential uses for Old City Hall including a Museum of Toronto. The event was held on November 22, 2016 and was attended by approximately 80 people including the major news outlets. Feedback was also received from the public through an online survey, which was open between November 22 and December 7, 2016, and which garnered 873 completed responses and 236 partial responses.

The public consultation consisted of a presentation by staff, an expert panel, questions and answers, and breakout tables where participants could share ideas for the building. The session included participation of Museums and Heritage Services (EDC), Heritage Preservation Services and Real Estate Services. MASS LBP was retained to conduct, moderate and report on the consultation event. In addition, the Ryerson City Building Institute and a fourth year Ryerson Architecture studio were invited to present their analysis and ideas on the future reuse of the building.

The event was well received with positive feedback and ideas from the public. The survey found that there is broad support for a Museum of Toronto at Old City Hall. While there was concern about chain stores and incompatible retail, there was support for other commercial uses such as restaurants, event space, specialized retail offerings, including some that complement the Museum of Toronto. Public access to the building was a primary concern.

The public consultation report can be downloaded at: <http://bit.ly/2yxExXU>.

COMMENTS

Overview

With Old City Hall scheduled to become vacant after 2021, Real Estate Services has been working to determine what new uses might be appropriate for a revitalized Old City Hall. Following an initial report to Council in 2015, staff have undertaken extensive modeling, test fits and financial analysis for a variety of tenant configuration options within the building. Options for potential tenants are set out in this report and include a range of uses from civic office use to commercial use to some options that include a Museum of Toronto and a Toronto Public Library branch. Analysis of the potential uses of the building by Avison Young shows a great deal of interest in the building by the public, the surrounding institutional and business community, and tourists, which suggests that the revitalized building will be a major draw for Torontonians and visitors alike.

Completion of Restoration and Building Upgrades

The provincial and municipal courts will relocate from Old City Hall, resulting in the need to revitalize and restore one of Toronto's most prominent landmarks. The current tenant in Old City Hall is the Ministry of the Attorney General, the provincial courts and municipal courts (which are slated to vacate the building once the St Lawrence Market North is complete). Due to the need for confidentiality and courts running 365 days per year, accommodating court proceedings has made maintenance and necessary restoration work difficult to schedule and has been deferred in recent years. Old City Hall will require extensive base building upgrades and restoration work for new use after 2021 or, in fact, for any continued long term use. It is important to address the required and deferred maintenance and repair work in order to ensure the longevity of the building, celebrate its heritage features and cultural value. Heritage restoration work will include the restoration of the interior and exterior elements.

Base Building improvements are required in order to accommodate new tenants in the building and to address structural, mechanical, electrical, technological, circulation and accessibility requirements. Necessary base building work (escalated to 2022 values with contingencies included) is currently projected at approximately \$122 million, while necessary heritage restoration costs are projected at an additional \$60 million, plus an allowance of approximately \$8 million for site work, totalling approximately \$190 million. These are necessary investments regardless of any new tenancing option. The existing HVAC system will be used in the base building fit up, however it will need to be

enhanced to accommodate the unique requirements of the proposed museum. For a more detailed breakdown of the capital costs estimated with each option please refer to Attachment 1.

An important factor in determining the reuse of the building is examining the opportunity to accommodate various tenants in the building. The floorplate does not meet modern standards because Old City Hall was originally designed for public uses such as municipal offices and courtrooms, which necessitated wide corridors, grand entry spaces (such as the lobby and mezzanine) that were needed to allow for public gatherings, and other support spaces. Over 60% of the existing plan is deemed "unrentable". However, the consultant team continue to examine ways to improve on the rentable areas by investigating the potential for pop-up kiosk locations for retail use. Special event rentals are also being investigated as a means to generate income and improve the overall potential financial performance of the building.

The courtyard has the potential to become a multi-use space by covering it with a glass roof. The consultant team have determined that the covered courtyard will be a highly desirable event space in a key location within the downtown core.

Comparable Revitalization and Restoration Projects by Other Levels of Government

The Federal Government has made a long-term financial commitment to the restoration of Parliament Hill precinct, including the adaptive reuse and restoration of the West Block. The West Block will house the temporary House of Commons while the Centre Block is being restored. As part of the relocation of the Commons to the West Block, the building is being fully upgraded and restored, and its central courtyard covered to create the new House of Commons chambers. This significant project is currently valued at \$863 million, and does not include the restoration of other properties in the Parliament Hill precinct restoration program. Construction is currently underway and targeted for completion in 2018. Prior to the revitalization program, the building was approximately 215,300 square feet, of which 107,640 square feet was considerable usable space. The revitalization program will add 105,500 square feet for a new total of nearly 321,000 square feet, an increase of 49%, with a total usable area of 215,280 square feet. Cost per square foot is approximately \$2,688.

The Provincial Government is currently undertaking an extensive program to upgrade, rehabilitate and restore the MacDonald Block complex at Queen's Park. This comprehensive program will restore the buildings, upgrade all mechanical electrical systems and reconfigure office space to modern standards. Although no specific cost of work is available at this time due to tendering processes, Infrastructure Ontario estimates the cost of work to be between \$500 million and \$1 billion. The complex is approximately 1.7 million square feet, 1.2 million square feet of which is considered usable. There is no increase in floor space as part of this project. This revitalization project does not include any change in use, but is an upgrade of current office uses. Projected cost per square foot ranges from approximately \$294 to \$588.

Analysis of Future Tenant Options

The analysis of future tenant uses has been developed and refined since reporting to Council in November 2015 and now includes the investigation of a Museum of Toronto, a Toronto Public Library branch and wedding chamber in the building. Staff have continued to work with Avison Young, CS&P Architects with Lord Cultural Resources, who have been involved in the planning of the Museum of Toronto since 2007.

Council direction and civic priorities were used to analyse various building configurations and tenant options. Financial performance of each was also evaluated in order to reduce or offset the costs to operate the building and the required capital commitment, including:

- provide public access to the building
- undertake a feasibility study for a Museum of Toronto and complementary ancillary public uses
- undertake a public consultation process including a charrette to document feedback on potential public uses for Old City Hall, including a museum
- create a complementary tenant mix for the building
- respect and restore the National Historic Site
- maximize the performance of the building in light of the above priorities.

Potential appropriate tenants include:

- event space / civic reception space
- city facing offices such as Economic Development & Culture
- business Improvement Area offices and/or outreach spaces
- a range of complementary tenants such as, restaurant, café, lounge, gift shop
- other City services: Library & Wedding Chamber
- academic Institutions.

Staff and the consultant team have undertaken work to determine a range of appropriate tenancies for the building, including civic uses such as, relocating the Toronto Public Library branch and the City Hall wedding chamber from New City Hall, and public-facing City offices such as Economic Development & Culture. The relocation of the City Hall library branch and wedding chamber would also have the benefit of freeing up much needed space at City Hall for city services and offices. Complementary commercial uses such as restaurants, event space and appropriate retail could also be recommended. An analysis of potential tenanting options has been undertaken and will be further discussed below. The options include:

Option 1A: City Divisions (no enclosed courtyard)
Old City Hall would be fitted up to accommodate offices for up to 715 City staff only. The courtyard will not be covered and no special event or civic ceremonial space would be built. Limited heritage elements will be restored. A wedding chamber is included. This option provides very limited public access due to security requirements for staff.

Option 1B: City Divisions, Councillors' Offices (no enclosed courtyard)
Old City Hall would be fitted up to accommodate up to 410 City staff, the Mayor and Councillor's offices only. The courtyard would not be covered and no special event or civic ceremonial space will be built. Limited heritage elements will be restored. A wedding chamber is included. This option provides very limited public access due to security requirements for staff and Councillors.
Option 2: City Divisions, Museum, Library
Old City Hall would be fitted up to accommodate offices for up to 460 City staff and would include both a Museum of Toronto and a Toronto Public Library branch. The courtyard would be covered to create special event and civic ceremonial space. Heritage elements will be restored. A wedding chamber is included. This option creates some level of public access. Due to the reduced museum support space and lack of commercial space, this option does not include shared spaces, a gift shop or café that would be required.
Option 3 (Recommended): Complementary Commercial/Institutional*, Museum, Library
Old City Hall would be revitalized to accommodate a Museum of Toronto, Toronto Public Library branch, spaces for public facing City services, a wedding chamber, as well as complementary commercial and institutional uses compatible with the museum. Complementary commercial uses could include a museum gift shop, restaurants, lounges and special events spaces. Institutional/Commercial uses located on upper floors including office, incubator and/or academic space. This option provides good public access.
Option 4: Commercial/Institutional*, Library
Old City Hall would be revitalized to accommodate a Toronto Public Library branch, complementary commercial and institutional uses. Complementary commercial uses could include restaurants and lounges, special events spaces, and retail. Complementary institutional/commercial uses could be located on upper floors including office, incubator and/or academic space. A wedding chamber is included. This option does not include a Museum of Toronto. This option provides good public access.
Option 5: Commercial/Institutional*
Old City Hall would be revitalized to accommodate only complementary commercial and institutional uses. Complementary commercial uses could include restaurants and lounges, special events spaces, and other uses. Complementary institutional/commercial uses located on upper floors and could include retail, office, incubator and/or academic space. A wedding chamber is included. This option does not include a Museum of Toronto or Toronto Public Library branch. This option provides good public access depending on the tenant mix.

*Options 3, 4 and 5 include 1,500-2,000 sf for public facing City services on the ground and first floor. Options 2, 3, 4 and 5 all require a new loading dock facility. A table summarizing the features of each option is included in Attachment 1 to this report.

The operating financial impacts of the options outlined above range from an annual net cost of \$4.1 million to annual net revenues of \$7.6 million. Please refer to Attachment 5.

Recommended Option

Following analysis by the consultant team and staff, the recommended approach for the future use of Old City Hall is Option 3, which will provide a Museum of Toronto and wedding chamber on the second floor, Toronto Public Library Branch on the ground floor, and a mix of complementary commercial and institutional uses throughout the rest of Old City Hall. Complementary commercial and institutional uses on the upper floors could include retail, incubator, office and/or academic space (See attached axonometric stacking plan and test fit plan). This option includes a glass roof over the courtyard space to transform it into a covered ceremonial and special events space that, with design and programming, will be one of the most sought after event venues in the City.

This option satisfies the directions of City Council and is aligned with feedback from public consultations. Option 3 will provide the highest level of public access to the building and create a major destination. The Museum of Toronto and a relocated Toronto Public Library branch are included, both of which have substantial public support. This option generates revenue to cover the operating costs of the building. Within the commercial space there will be the opportunity for public facing City services, such as tourism, film, culture, incubator and others.

A Museum of Toronto at Old City Hall

A Museum of Toronto at Old City Hall will present a unique opportunity, for the first time since amalgamation, to include the history of all the former municipalities of Metropolitan Toronto, Etobicoke, York, Toronto, North York, East York and Scarborough in a single place.

Real Estate Services has worked closely with Economic Development and Culture's Museum and Heritage Services Section to assess Old City Hall as a potential location for a Museum of Toronto. In reviewing the options for a museum site within the City's portfolio, no other facility has the required square footage or profile to house the Museum of Toronto. The existing City museums are not of a scale that could accommodate a Museum of Toronto. After thorough consultation with Museums and Heritage Services and the consultant team, it has been determined that a Museum of Toronto program for the building would occupy approximately 55,000 square feet of the available 170,000 square feet of usable space in the building.

Old City Hall is considered by Lord Cultural Resources to be an ideal location for the Museum of Toronto because of its physical and cultural characteristics. Old City Hall's central location, status as a National Historic Site, proximity to major transit and New City Hall, as well as its range of room sizes available for exhibition space, the building as a primary heritage asset and a symbol of Toronto's history are all considered supportive of a museum use in the building.

Fit with Old City Hall

Toronto has a rich history and is home to a number of City-owned and other institutions that feature parts of this history, however there is no single location where a visitor or tourist can get the whole picture of the City's history. The Museum of Toronto would serve as a gateway for the presentation of Toronto's history that inspires visitors to explore the City and experience other sites and museums. Locating the Museum of Toronto in Old City Hall would also be fitting in terms of its location in the core of the City and close to other major tourist attractions. The Museum of Toronto in Old City Hall sends a strong statement - the revitalization of a heritage building as a welcoming and open gathering place that ensures its material history and identity is preserved and celebrated.

Old City Hall provides enough net area to accommodate the program requirements. Courtrooms provide good gallery space due to open plan and higher than average ceiling heights.

How a Museum of Toronto Benefits Old City Hall

The presence of a Museum of Toronto at Old City Hall will benefit the revitalization of the property in numerous ways. Its creation will attract immediate and sustained public attention and interest with dynamic permanent and temporary exhibits. The Museum will attract residents from throughout the City and become a "must-see" destination for visitors. The anticipated 225,000 plus annual museum visitors will create a stable base of building traffic to support the success of any complementary commercial tenants.

The presence of a museum would assist in making Old City Hall an animated and dynamic multi-purpose public space where visitors can engage with the history of the City and the building. The inclusion of a Museum of Toronto at Old City Hall directly responds to two of the most significant points raised during public consultation: that the building is an ideal spot to relate the history of Toronto and that any future redevelopment make ease of public access a top priority.

Space Requirements

The program for the Museum of Toronto is driven by the need to achieve the mission of the museum but also to guarantee museum functionality for a high-quality overall visitor experience. Fundamental visitor experience factors driving the determination of required spaces would include:

- Museum must operate as an accessible public institution
- Present dynamic, compelling exhibitions, educational and public programs
- Provide tangible economic benefit to Toronto
- Provide adequate revenue-generating facilities
- Be a cultural hub
- Research, conserve and present Toronto's history and heritage
- Tell the story of the now amalgamated City.

Space requirements for the Museum of Toronto can be summarized as follows:

Program Element	Net Square Footage
Public Amenity / Gathering Spaces (Public, Non-Collection):	7,850
Gallery and Exhibit Space (Public, Collection):	25,000
Collection Support Spaces (Non-Public, Collection):	7,280
Building Support Space (Non-Public, Non-Collection):	15,370
TOTAL	55,000

The Museum of Toronto program and required GFA has been focussed on high quality exhibit space and visitor experience. Ancillary uses such as a museum gift shop, restaurant or café and other related elements will be included as part of the commercial opportunities within the rentable area of the building, however Option 2 contains no commercial space to accommodate ancillary uses to support a museum. Assumptions about space requirements are included in Attachment 5 to this report.

Other space in the building will be used on a permanent or as-needed basis to accommodate the museum program. Special event space, meeting rooms, the lobby, mezzanine and large corridors can be used flexibly as exhibits and programming require. These areas total approximately 40,000 square feet of additional space for the museum in the current plan.

Projected Visitors, Revenue, Expenses, etc.

Analysis by the consulting team projects that in its opening five years of operation the Museum of Toronto would attract in the range of 225,000 - 270,000 visitors per year, with the highest attendance in the opening year, and stabilizing in the following years, as is common. The annual operating budget of the Museum is estimated to open at about \$5.7 million, increasing over time to about \$6 million, all in 2017 dollars.

Following the attendance pattern, earned income will be the highest in the opening year at about \$2.8 million, declining to the \$2.4 to \$2.6 million range over the next four years. The annual amount required to support the operating costs of the Museum from the City of Toronto and other available private and government funds, is projected to grow from \$3.0 million in Year 1 to the \$3.4 to \$3.5 million range in later years.

Toronto Public Library at Old City Hall

Toronto Public Library is proposing to expand and relocate the existing 5,000 square foot City Hall branch. Already one of the busiest neighbourhood branches in the Toronto Public Library system, the current facility has insufficient space and resources to provide modern library service to the rapidly growing and diverse downtown population, serving the thousands of new condo units that have been built in the vicinity since the City Hall branch first opened.

Toronto Public Library is seeking the opportunity to expand and relocate to a new 25,000 square foot branch with an overall estimated capital budget of \$11.8 million. The new branch will feature flexible, barrier free spaces that can accommodate a range of exciting programs and services, and facilitate and encourage partnerships, collaboration, discovery, innovation, and lifelong learning. Toronto Public Library recognizes the immense potential for the relocation and expansion of the City Hall branch as a new, revitalized downtown library that will be a cultural asset to the City and beyond.

Space Requirements

The relocated library branch could include:

- a single floor of 25,000 sf open plan and barrier free access for the public,
- independent access to the library branch;
- multipurpose room, programming spaces for branch and community use, performance / events, exhibit space;
- computers with Internet access, Wi-Fi

Program Element	Square Footage
flexible use space (multipurpose room, programming spaces for branch and community use, performance / events, exhibit space)	7,500
children’s area	3,750
a 40,000 – 75,000 item collection	3,750
customer self-service for check-out and check-in	750
barrier free washrooms	3,250
circulation space	2,500
staff areas	1,750
Other (expanded seating options, reading lounges, laptop plug in areas)	1,750
TOTAL	25,000

New library branches are catalysts to attract pedestrian traffic. A new downtown library in Old City Hall has the potential to create an exciting and dynamic place to visit and inspires community engagement.

A Relocated Wedding Chamber at Old City Hall

Staff and the consultant team have analysed the possibility of relocating the current Wedding chamber at New City Hall to a space within Old City Hall. Test fits show that the wedding chamber could be successfully relocated to the former Mayor's office at Old City Hall. This would allow a greater degree of access to the historic space, and would be a suitable reuse of the space, requiring minimal alteration. Additionally, the mayor's office is made up of several adjoining offices and spaces that could be repurposed as support spaces, which the current wedding chamber at New City Hall does not have.

There is also a synergy with potential special event space opportunities within a revitalized Old City Hall that will benefit the Wedding Chamber. Currently there are no special event or reception space at New City Hall for use by wedding parties.

Analysis of Potential Relocation of City Councillors' Offices

CS&P architects has undertaken an analysis and test fit to understand the benefits and constraints of relocating the Mayor's office and City Councillors' offices to Old City Hall. In the course of this analysis a number of constraints have been discovered that would make relocating the Mayor's and Councillors' offices challenging.

The reasons that Old City Hall is not suitable for relocated Mayor's and Councillors' office include:

- Old City Hall does not enjoy the convenient access and adjacency to many facilities that the current location features, including;
 - Underground Parking Garage
 - Council Chamber and Members Lounge
 - Main Committee Rooms on the same floor
 - City Hall main entrance lobby
 - Media briefing areas
- Council meetings can last several days and the convenience for Councillors to access their offices, meeting rooms and staff from the Council Chambers is a significant advantage of the current location.
- It is important for Councillor's to be accessible to the public (constituents) who may also be at City Hall for other meetings, events, business, etc. This will not be as convenient if they were in separate buildings.
- If Mayoral and Councillor Offices were relocated to Old City Hall, there would be no rental revenue for the use of that space.
- Security requirements for the Mayor and Councillors' offices would restrict public access to the building.

Analysis of Potential Relocation of City Staff Offices CS&P Architects has undertaken an analysis of relocating the City staff offices to Old City Hall. Staff numbers that can be accommodated are based on an average requirement of 200 gross square feet per employee. This area requirement is a preliminary estimate and not based on any detailed layouts.

Three options were analyzed:

- City Staff only: 715 Staff
- City Staff and Councillors Offices: 410 Staff + Councillors and their staff
- City Staff with Museum and Library: 460 Staff + Museum and Library Staff

Using Old City Hall as staff office space is not considered optimal for the building because of security requirement that prevent free public access. City Council provided direction that, Old City Hall be maintained as a predominantly public space that is open without physical barriers – this was reinforced by feedback from the public consultation process.

Relocating City staff here also results in operating costs for the building that are not recoverable through commercially rentable space. Operating the building for staff would cost approximately \$4.1 million per year. This cost would be offset by a potential reduction in annual leased-space costs from collapsed office leases that would no longer be required as City staff would be moved into the new office space in Old City Hall. Additionally, due to constraints associated with staff space, it is not feasible to cover the courtyard to provide a Special Event space in this option, further limiting public use, and the revenue potential, of Old City Hall.

Loading Dock and PATH Connection

Currently, loading is accessed through the sally port in the courtyard, however truck size is limited due to the width and height of the sally port, which is identified as a significant elements of the building in the heritage designation. The inability to accommodate multiple and large vehicles with no level loading docks means that this configuration will not be suitable for commercial, institutional or museum uses within the building. Additionally, the potential for the courtyard to be covered as a ceremonial and special event space will require loading facilities to be relocated from the existing courtyard to below grade.

The revitalization of Old City Hall will also require improved servicing for future building users and the Museum of Toronto. A new loading dock is recommended in any scenario involving tenants other than City Staff offices. A loading dock facility could be constructed under James Street to allow for proper servicing of the building, including facilities dedicated to museum uses only. Dedicated loading docks for museums are an essential part of the overall program, as having the proper facilities for movement of artifacts directly impacts the ability of a museum to attract traveling shows and borrow artifacts from other institutions. Building servicing would be located beneath the courtyard with a new loading dock constructed below grade to the east of the building.

A pre-design high level estimate for the cost to design and build and underground loading dock area with vehicular access under an adjacent street is \$12.8M with the potential for costs to rise as more detailed work is completed. The next phase of work includes hiring consultants to prepare engineering assessments for more accurate costing. Loading dock estimates are included in the current cost estimates.

The revitalization also creates the opportunity for a PATH connection that could link into the existing PATH routes between the Bell Trinity Square and CF Eaton Centre. The estimated high-level cost for this connection is \$12 million. A PATH connection will create a weather protected access to the building and connect it to the established PATH network, linking it to the TTC, surrounding retail and other services. PATH connection cost estimates are included in the total estimated capital costs.

Recommended Leasing Approach

Avison Young analysed approaches to managing the leasing of space within the building. The analysis demonstrated that a Head Lessee would be the best option for the property because of the expertise that the Head Lessee would bring to the building.

Avison Young has recommended a long-term lease with a Head Lessee as the operating solution for Old City Hall. A long-term lease would be entered into with an established Head Lessee with experience in operating prominent destinations with public, cultural and commercial elements. The Head Lessee would be the only tenant of the City and responsible for selection of tenants, lease negotiations, tenant fit-ups, maintenance and special event programming of the building. The Head Lessee would also be a collaborative participant in the design of interior alterations and base-building work to make the building suitable for future tenants.

The City may undertake base building and restoration work jointly with the Head Lessee, to be determined during negotiations between the City and the Head Lessee. This option has the potential to realize the City's objectives while minimizing both risk and cost to the City.

The selected Head Lessee would be an established corporation with experience in the revitalization of historic properties, a track record of success in the business, superior financial standing, and ability to execute effectively on significant real estate transactions. The Head Lessee would pay a capital contribution for the revitalization of the building to the City in exchange for a percentage of rental revenue. The City would participate in the success of the leasing strategies through profit sharing. The museum, Library and other City uses would be exempted from paying rent.

The recommended term for the lease would be 50 years with the rental rate to be re-negotiated at a determined interval.

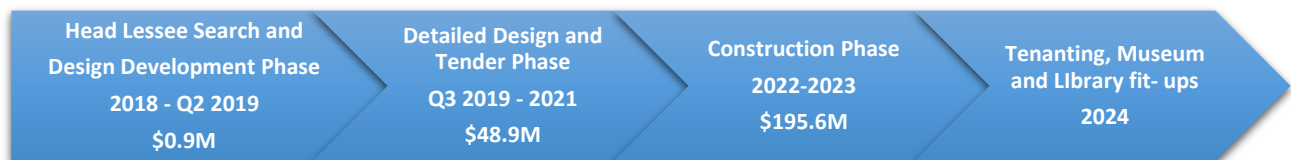
Operational Model

Once the City and Head Lessee’s restoration and base building work is complete and the lease term has commenced, the City would maintain an ongoing management role in the operation and capital maintenance of the building detailed in the Head Lease Agreement. The final negotiated Head Lease Agreement will be presented to City Council for final approval prior to execution.

The day-to-day operation, maintenance and stewardship of the asset would be performed by the selected Head Lessee with the City maintaining an agreement that protects its interests, as necessary. Avison Young also recommends that a successful model would include an enclosed courtyard, increased connectivity to adjacent sites and celebrating the building’s heritage as one of the “draws” to a vibrant new facility.

General Timeline

The next phase of work will take approximately 12-18 months to complete. Staff will report back to Council at the end of the second quarter of 2019 with recommendations for a Head Lessee, a developed design and business case. Following approval of the recommendations in this report, a final phase of detailed design and tendering would last approximately 18 months, leading to the vacancy of building. A two-year construction phase is anticipated. If the Provincial Courts require additional time to complete the construction of the new courthouse, construction can be phased to accommodate a lease extension.



Next Steps

Real Estate Services will continue to work with Economic Development and Culture's Museums and Heritage Services, and CS&P Architects with Lord Cultural Resources to develop the design for the Museum of Toronto concept, a Toronto Public Library branch, and a covered courtyard within Old City Hall, including complementary retail, detailed costing, program elements and fit within the building.

Real Estate Services has recommended in this report that Avison Young commence seeking Head Lessees for the long-term lease of the property in preparation of the provincial courts vacating the building.

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SIGNATURE

Josie Scioli, Deputy City Manager
Internal Corporate Services

Mike Pacholok
Chief Purchasing Officer

ATTACHMENTS

Attachment 1: Table of tenanting options & Financial Analysis Assumptions
Attachment 2: Axonometric Stacking Plan Showing Option 3
Attachment 3: Test Fit Plans Showing Option 3
Attachment 4: Preliminary Concept for Covered Courtyard
Attachment 5: Museum of Toronto Space Requirements

Attachment 1: Table of Tenancing Options & Financial Analysis Assumptions

	OPTION 1A City Divisions	OPTION 1B City Divisions, Councillors' Offices	OPTION 2 City Divisions, Museum, Library	OPTION 3 Commercial/ Institutional* Museum, Library	OPTION 4 Commercial/ Institutional* Library	OPTION 5 Commercial/ Institutional*
Enclosed Courtyard	NO	NO	YES	YES	YES	YES
Public Access	Limited	Limited	Limited	YES	YES	YES
Library Branch	NO	NO	YES	YES	YES	NO
Museum	NO	NO	YES	YES	NO	NO
Museum Operating Subsidy	\$0	\$0	(\$3.6M)	(\$3.6M)	\$0	\$0
Revenue after Operating Expenses	(\$4.1M)	(\$4.1M)	(\$2.4M)	\$2.5M	\$6.9M	\$7.7M
CREDIT: Operating Expenses saved by relocating City Staff from other facilities	-\$0.75M	-\$0.75M	-\$0.75M	N/A	N/A	N/A
Revenue after Operating Expenses and Savings	(\$3.4M)	(\$3.4M)	(\$1.7M)	\$2.5M	\$6.9M	\$7.7M
Baseline Costs for restoration, allowance and base building	\$190M	\$190M	\$190M	\$190M	\$190M	\$190M
Variable cost of each option **	\$41.5M	\$45.9 M	\$140.6 M	\$116.5 M	\$63.1 M	\$63.1 M
CREDIT: Sale of Property City Staff to be Relocated From	-\$50M	-\$50M	-\$50M	N/A	N/A	N/A
HL Capital Contribution with 100% of revenue	\$0	\$0	\$34M	\$62M	\$70M	\$77M
Total City Capital Commitment	\$181.5M Estimate only	\$185.9M Estimate only	\$246.6M Estimate only	\$244.5M Estimate only	\$183.1M Estimate only	\$176.1M Estimate only

	OPTION 1A City Divisions	OPTION 1B City Divisions, Councillors' Offices	OPTION 2 City Divisions, Museum, Library	OPTION 3 Commercial/ Institutional* Museum, Library	OPTION 4 Commercial/ Institutional* Library	OPTION 5 Commercial/ Institutional*
Cost per square foot	\$447	\$458	\$573	\$569	\$426	\$410

*Options 3, 4 and 5 include 1,500-2,000 sf for public facing City services.

**Options 2, 3, 4, and 5 include \$12.8M for loading dock

The following assumptions are included in the numbers:

1. The financial impact varies for each of the five options. The table shows the estimated financial impact for each option.
2. All numbers are high level cost estimates.
3. The estimated annual net financial revenue (cost) ranges from -\$4.1M to \$7.7M.
4. The estimated capital commitment ranges from \$243M to \$331M (in 2022 dollars).
5. Included in the capital commitment for all options is base line costs of \$190M, comprised of:

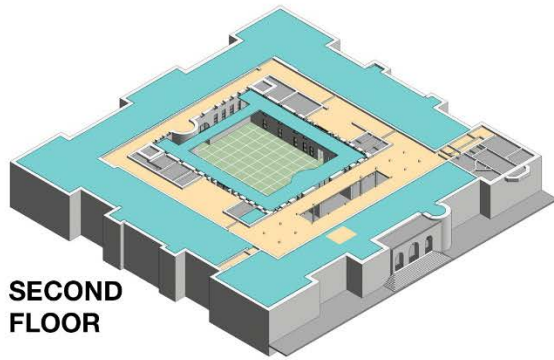
Base Line Cost in All Options Include:	
Base Building Upgrades	\$121,613,138
Heritage Work:	\$59,625,000
Site Work:	\$8,300,000
Wedding Chamber	\$438,906

6. The remaining capital costs are variable, depending on the occupancy included in each option (all numbers are high level estimates).

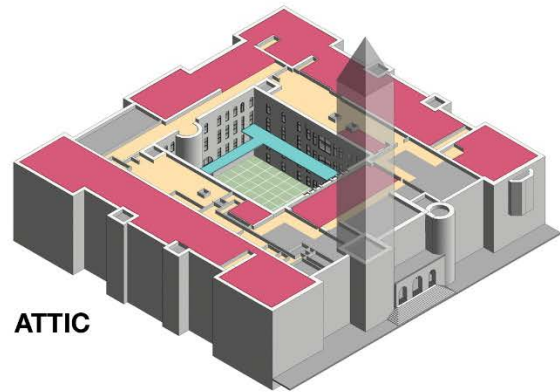
Variable cost in Options 2 and 3 include:	
Museum Fit Up Cost	\$49,000,000
Museum Artifacts	\$17,000,000
Variable costs in options 2, 3, 4 and 5 include the following:	
PATH connection:	\$12,000,000
Loading Dock:	\$12,835,938

7. Estimates are based on a long term lease term of 50 or more years.
8. There is no rental revenue from the City Divisions, the Museum or the Library.
9. The Wedding Chamber revenue is reflected in all options. The Wedding Chamber is the only course of revenue for Option 1A, 1B and 2.
10. Options 2, 3, 4, and 5 include event revenue from the enclosed courtyard.
11. Options 3, 4 and 5 include revenue from commercial/institutional occupants.
12. All occupants, including City Divisions, Museum and Library, pay operating costs.
13. All estimated capital costs include price escalation of 3.5% per annum to 2022, construction contingency of 15%, and softs costs of 25%
14. A PATH connection from Old City Hall to Bell Trinity Square is the shortest possible distance of all possible PATH connections to Old City Hall. Based on a PATH connection currently being designed under York Street, the estimated cost is \$360,000 per meter, including 15% for design, 2.5% for phasing, 6.25% escalation to 2019, and 15% construction contingency.
15. The current Old City Hall tenants vacate the property by December 31, 2021.
16. The estimated capital costs are estimated to be incurred as follows: approximately 10% in 2020, approximately 10% in 2021, approximately 40% in 2022 and approximately 40% in 2023.
17. Occupancy by new tenants starting January 1, 2024.
18. The Head Lessee (HL) capital contribution is based on an estimated 10% return for the Head Lessee and assumes that all commercial revenues will be directed to the HL. Alternate arrangements will be explored in the next phase of work.

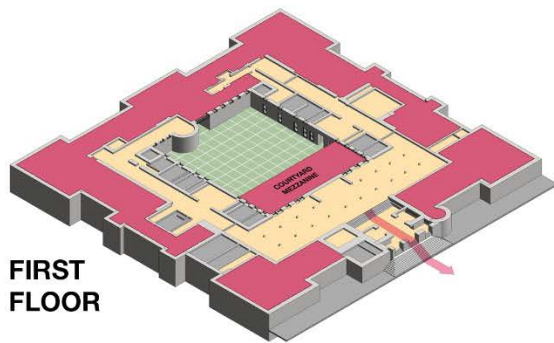
Attachment 2: Axonometric Stacking Plan Showing Option 3



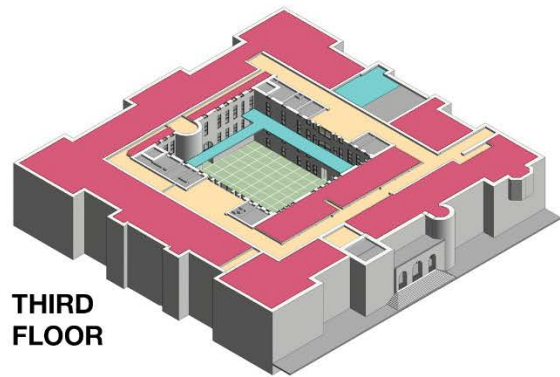
SECOND FLOOR



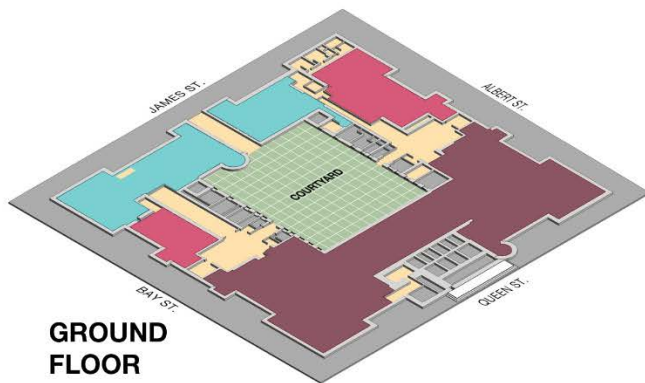
ATTIC



FIRST FLOOR



THIRD FLOOR



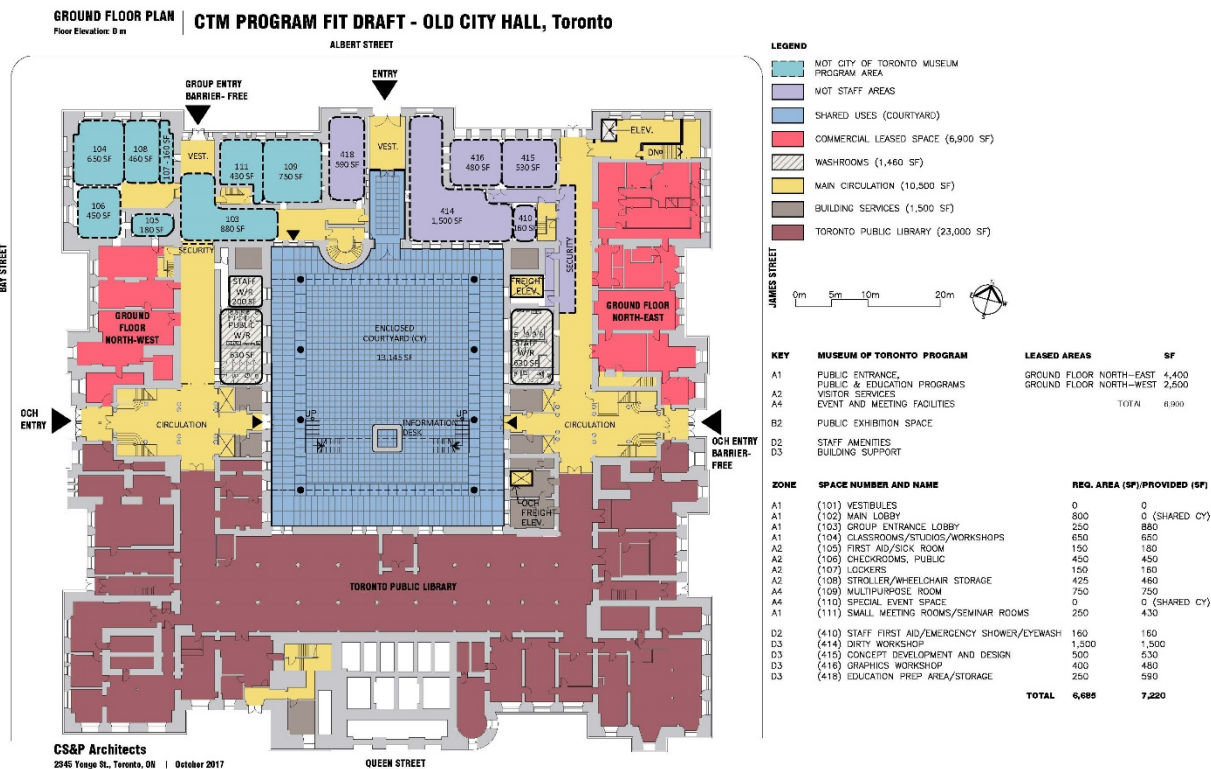
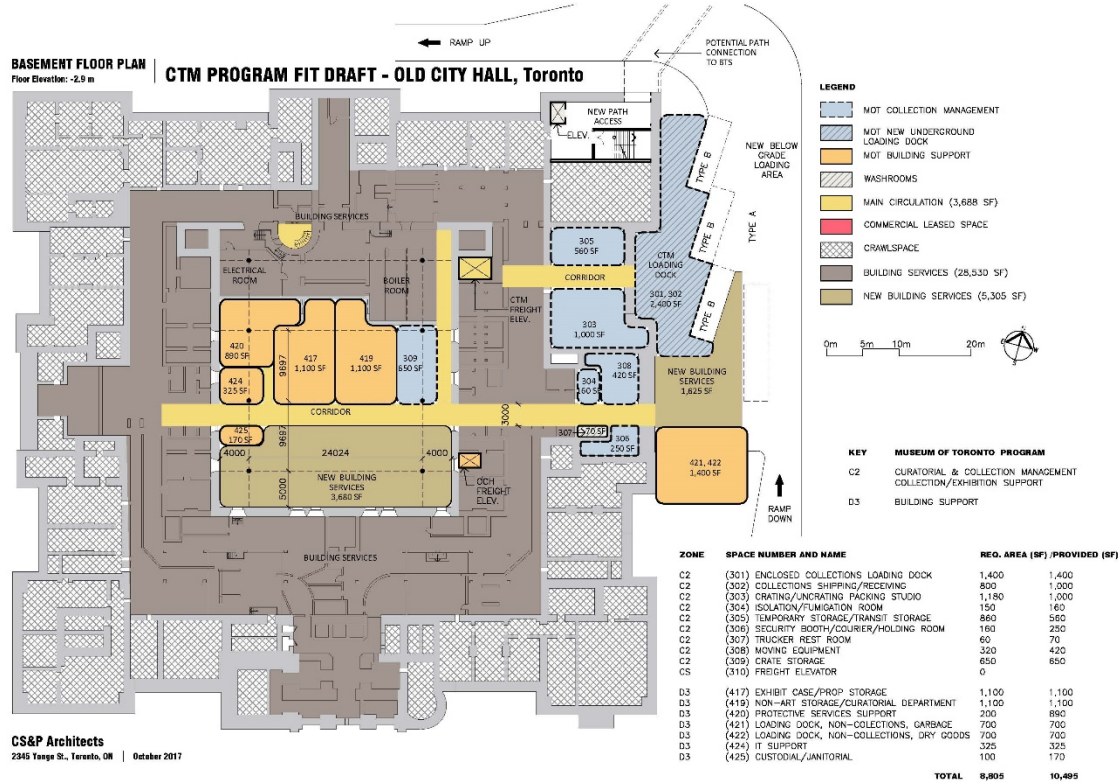
GROUND FLOOR

LEGEND

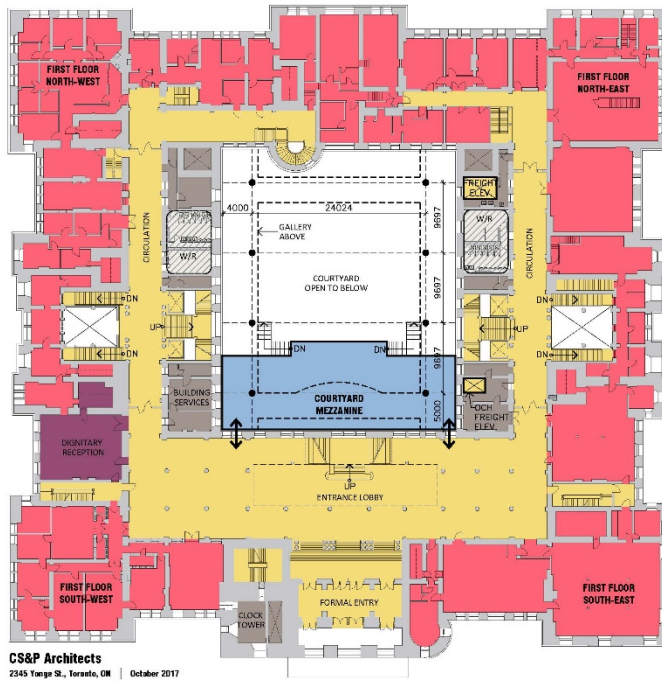
- Museum of Toronto
- Commercial/Institutional
- Toronto Public Library
- Circulation

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Attachment 3: Test Fit Plans Showing Option 3



FIRST FLOOR PLAN | CTM PROGRAM FIT DRAFT - OLD CITY HALL, Toronto
 Floor Elevation: 4.17 m



LEGEND

- MAIN CIRCULATION (20,770 SF)
- COMMERCIAL LEASED SPACE
- WASH-ROOMS (1,140 SF)
- BUILDING SERVICES (2,530 SF)
- DIGNITARY RECEPTION (1,300 SF)

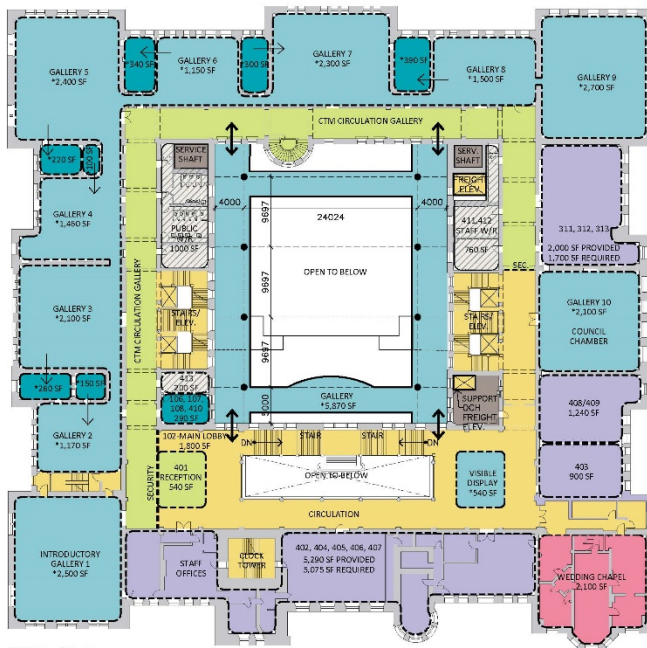
0m 5m 10m 20m

LEASED AREAS

LEASED AREAS	SF
FIRST FLOOR SOUTH-EAST	7,670
FIRST FLOOR SOUTH-WEST	3,200
FIRST FLOOR NORTH-WEST	6,630
FIRST FLOOR NORTH-EAST	9,470
MEZZANINE	3,800
TOTAL	31,770

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SECOND FLOOR PLAN | CTM PROGRAM FIT DRAFT - OLD CITY HALL, Toronto
 Floor Elevation: 9.56 m



LEGEND

- MOT GALLERY SPACE
- MOT GALLERY SUPPORT SERVICES
- MOT RECEPTION (540 SF) & CIRCULATION (6,066 SF)
- MOT STAFF AREAS
- WEDDING CHAPEL (2,100 SF)
- WASHROOMS (1,760 SF)
- MAIN CIRCULATION (10,080 SF)
- BUILDING SERVICES (680 SF)

0m 5m 10m 20m

KEY MUSEUM OF TORONTO PROGRAM

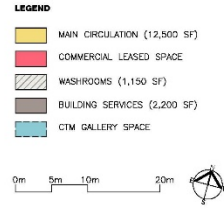
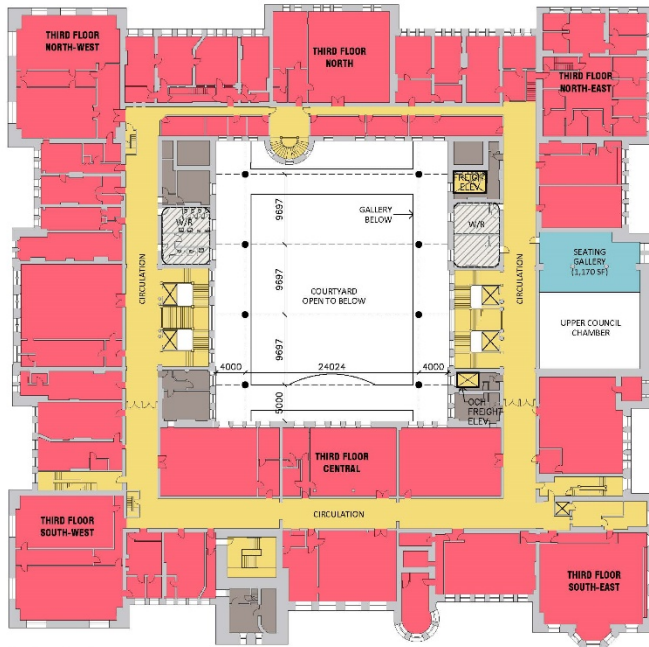
- A1 PUBLIC ENTRANCE
- A2 VISITOR SERVICES
- B1 PUBLIC EXHIBITION SPACE
- C2 COLLECTION/EXHIBITION SUPPORT CURATORIAL & COLLECTION MANAGEMENT
- D1 ADMINISTRATION SERVICES AND SUPPORT
- D2 STAFF AMENITIES

ZONE SPACE NUMBER AND NAME

ZONE	SPACE NUMBER AND NAME	REQ. AREA (SF) PROVIDED (SF)
A1	(102) MAIN LOBBY	1,200 1,800
A2	(106) CHECKROOMS, PUBLIC	800 290 (INCLUDING
A2	(107) LOCKERS	150 107, 108,
A2	(108) STROLLER/WHEELCHAIR STORAGE	425 & 410)
B1	(201) GLOBAL VILLAGE MUSEUM/THEMATIC GALLERIES	15,000 *27,550 SF
B1	(202) COLLECTION STUDY ROOM/VISIBLE DISPLAY STORAGE	2,500 TOTAL GALLERY
B1	(203) GLOBAL VILLAGE MUSEUM CHANGING EXHIBITION GALLERIES	5,000 SPACE PROVIDED
C2	(311) COLLECTIONS WORKSHOP/DOCUMENTATION	500 2,000 (INCLUDING
C2	(312) CURATORIAL RESEARCH ROOM	550 312 & 313)
C2	(313) COLLECTIONS EXHIBIT PREPARATION ROOM	650
D1	(401) RECEPTION/WAITING AREA	540 540
D1	(402) OFFICES, TOTAL OFFICE SPACE	4,000 1,100
D1	(403) RESOURCE CENTRE - INTERNAL	1,100 900
D1	(404) PHOTOCOPY/MAILROOM - CENTRAL	320 3,290 (INCLUDING
D1	(405) FILES STORAGE - CENTRAL	430 402,405,
D1	(406) OFFICE SUPPLIES STOCKROOM - CENTRAL	325 406 & 407)
D1	(407) LARGE/SMALL MEETING ROOM/TRAINING ROOM	250
D2	(408) STAFF AMENITIES	850 840
D2	(409) VOLUNTEER AMENITIES	400 400
D2	(410) STAFF FIRST AID/EMERGENCY SHOWER/EYEWASH	160
D2	(411) STAFF WASHROOMS, MALE	270 760 (INCLUDING
D2	(412) STAFF WASHROOMS, FEMALE	350 412)
D2	(413) STAFF WASHROOMS, HANDICAP	100 200
	TOTAL	35,870 40,870

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THIRD FLOOR PLAN | CTM PROGRAM FIT DRAFT - OLD CITY HALL, Toronto
 Floor Elevation: 15.04 m

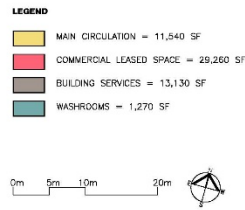
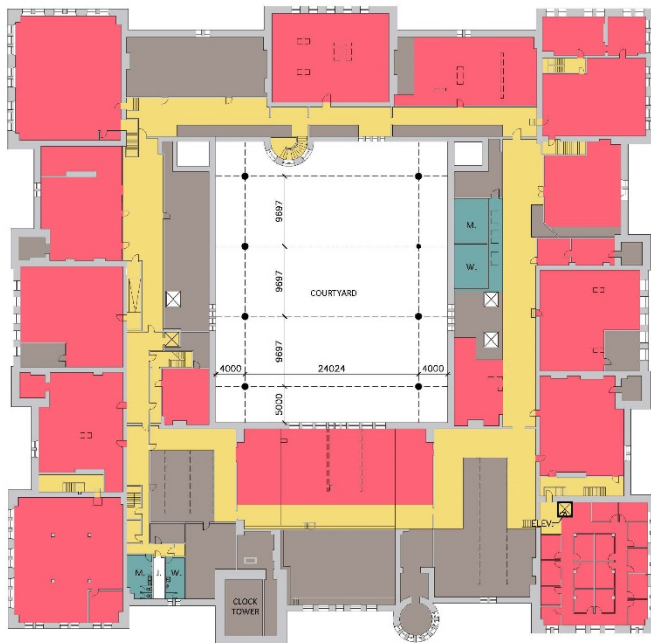


LEASED AREAS

LEASED AREAS	SF
THIRD FLOOR SOUTH-EAST	7,710
THIRD FLOOR SOUTH-WEST	8,470
THIRD FLOOR NORTH-WEST	4,340
THIRD FLOOR NORTH	7,775
THIRD FLOOR NORTH-EAST	4,385
THIRD FLOOR CENTRAL	5,020
TOTAL	37,700

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LOWER ATTIC FLOOR PLAN | PROGRAM FIT DRAFT - OLD CITY HALL, Toronto
 Floor Elevation: 10.46 m



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Attachment 4: Preliminary Concept for Covered Courtyard



Attachment 5: Museum of Toronto Space Requirements

Museum of Toronto programming space requirements makes the following assumptions:

- Critical museum functions (loading, collection processing, public access, security), must remain within the program to ensure effective and efficient museum functionality.
- Collections are currently stored off-site and would remain so – limited collection storage space is provided within the current space assignments.
- The Museum of Toronto would not be the sole occupant of Old City Hall. Public amenities and services that complement the museum program would occupy other spaces, appealing to and attracting a greater potential audience who would occupy the building during both regular museum operating hours and outside the museum's hours.
- All exhibitions would provide a high-quality visitor experience that would be content-rich and capable of attracting visitors who may have no particular interest in the history of Toronto.
- A review of the collection, from either a quantitative or qualitative lens was not completed as part of this study.
- Other space in the building will be used on a permanent or as-needed basis to accommodate the museum program. Special event space, meeting rooms, the lobby, mezzanine and large corridors can be used flexibly as exhibits and programming require. These areas total approximately 40,000 square feet of additional space for the museum in the current plan.