Metro Hall Cafe and Catering - YMCA Lease

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<th>Date:</th>
<th>June 8, 2009</th>
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<td>To:</td>
<td>Government Management Committee</td>
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<td>From:</td>
<td>Chief Corporate Officer</td>
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<td>Wards:</td>
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**SUMMARY**

The purpose of this YMCA of Greater Report is to obtain Council’s authority to enter into a lease between the City, as Landlord and the Toronto (“YMCA”), as Tenant, for approximately 4,023 square feet of space on the ground floor of Metro Hall, approximately 713 square feet as food preparation area on the 3rd floor of Metro Hall and approximately 1,815 square feet for staff use and storage on the P1 level of Metro Hall (all of which is part of the space formerly known as the Metro Café space).

The YMCA intends to use the ground floor space for the purpose of operating a Hospitality Training program, as well as to provide a café for Metro Hall occupants and catering services, as needed, in Metro Hall.

Toronto Employment & Social Services (“TESS”) will occupy the remaining approximately 3,200 square feet of the former Metro Hall Café space on the ground floor of Metro Hall and will be using it as a new employment centre. TESS will also share approximately half of their space with the YMCA for the purpose of a training area. (see Appendix “B” – Floor Plan)
RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. Council authorize the City to enter into a Lease agreement with the YMCA of Greater Toronto, substantially on the terms and conditions set out in Appendix “A” and on such further and other terms and conditions as may be deemed appropriate by the Chief Corporate Officer and in form satisfactory to the City Solicitor; and

2. Council authorize the Chief Corporate Officer to administer and manage the Lease agreement with the YMCA of Greater Toronto including the provision of any consents, approvals, notices and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.

Financial Impact
This lease will generate revenue of approximately $24,000 per annum from the basic rent, starting January 1, 2010, for a total of $120,000 over the five year term. In addition, the Tenant will pay a percentage rent of 15% of the gross revenue in excess of $360,000 per annum, for each lease year from the commencement date, plus applicable goods and services tax. Percentage rent will be paid on an estimated basis monthly and adjusted annually in accordance with the terms of the lease.

The Tenant will also pay its proportionate share of operating costs, including maintenance and utilities and it is responsible for any capital improvements to the leased space. Any repairs/replacement of the pre-existing mechanical, electrical or HVAC systems will be responsibility of the Landlord, at its sole discretion and provided that such repairs/replacements are necessary.

Toronto Employment and Social Services will occupy the remaining space of the former Metro Hall Café (approximately 3,200 square feet) for the purpose of establishing a Toronto Employment Centre. All operating and maintenance costs associated with the use of this space are included in the 2009 Operating Budget for Facilities and Real Estate. Funding for future years’ will be provided in the 2010-2014 Operating Budget Submissions for Facilities and Real Estate within its operating budget targets.
DECISION HISTORY
At its meeting of July 19, 20, 21 and 26, 2005, City Council adopted Administration Committee Report No. 6, Clause No. 21 and authorized staff to undertake a Request For Proposal ("RFP") process for the operation of the Metro Hall Café and Civic Centre cafeterias.


At its meeting of April 23 and 24, 2007, City Council adopted Government Management Committee Item GM3.13 and authorized the City to enter in a new lease agreement with the successful RFP proponent, being the existing tenant, Canada Catering Co. Limited, for the operation of the cafeteria at Metro Hall.


Negotiations were discontinued after the City received written notice that Canada Catering was terminating its services with the City. Facilities & Real Estate ("F&RE") staff then began negotiations with the other qualified RFP proponent. The City was unsuccessful in arriving at terms and conditions that were acceptable.

ISSUE BACKGROUND
Over the past year, F&RE staff have conducted an extensive review of options for the best use of the former Metro Café space, including the possibility of introducing a restaurant. Dialogue with a number of potential operators lead F&RE staff to determine that such an operation was not viable in this location.

F&RE staff have also received requests from several City divisions to utilize some or all of the vacant former Metro Café space on a temporary or permanent basis. Based on a review of the suitability of these requests, it was determined that a portion of the vacant former Metro Café space would be allocated to TESS to allow for the creation of a Toronto Employment Centre, which will provide a full service employment resource centre as well as information respecting City employment opportunities.

The YMCA wishes to sell its property at 16 Charles Street where it currently provides hospitality training and catering services for external groups as well internal staff, and has been looking for replacement space. The YMCA approached the City to fill its café and catering needs, as well as to relocate their training program for hospitality and food service operations.
COMMENTS
TESS, in conjunction with Human Resources and with assistance from F&RE will establish a Toronto Employment Centre in Metro Hall ground floor space allocated to TESS. This Centre is a key component of the City’s Toronto Helps initiative and the project cost of the Centre was included in TESS’ approved 2009 Operating Budget.

The YMCA will relocate its Hospitality Training Program to Metro Hall. It will also provide daily catering services for meetings at Metro Hall together with a “Grab and Go” service that will provide freshly prepared food for occupants and visitors. The terms and conditions of the lease agreement with the YMCA are fair, reasonable and at market value. The proposal is complimentary to the TESS program.

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SIGNATURE

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Bruce Bowes, P.Eng,
Chief Corporate Officer

ATTACHMENTS
Appendix “A” – Major Terms and Conditions
Appendix “B” – Floor Plan