



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

**Guild Inn - Revitalization and Development of
Restaurant and Banquet Centre Facilities -
Supplemental Report**

Date:	March 25, 2014
To:	City Council
From:	Chief Corporate Officer General Manager, Economic Development and Culture Acting General Manager, Parks Forestry and Recreation
Wards:	Ward 43- Scarborough East
Reason for Confidential Information:	This report involves the security of the property belonging to the City or one of its agencies, boards, and commissions.
Reference Number:	P:\2014\Internal Services\Re\Gm14006re - AFS

SUMMARY

On February 24, 2014 Government Management Committee considered Item GM28.10 ("Report GM28.10") and requested that a report be submitted directly to City Council on April 1, 2014 containing an update on further progress related to negotiation with Dynamic Hospitality and Entertainment Group ("Dynamic"). This supplemental report requests authorization to enter into an agreement with Guild Inn Estate Inc., a subsidiary of Dynamic, as outlined in the agreed upon terms and conditions of a letter of intent, as set out in the Schedule A and the Confidential Attachment 1 to this report.

RECOMMENDATIONS

The Chief Corporate Officer, the General Manager, Economic Development and Culture and the Acting General Manager, Parks Forestry and Recreation recommend that:

1. City Council grant authority to enter into a Letter of Intent (the "LOI") with Guild Inn Estate Inc. ("GIE") for a sublease transaction for the Guild Inn building and certain surrounding lands shown shaded at Schedule "B" of this report to construct and operate the proposed restaurant and event/banquet/conference centre, substantially on the terms and conditions set out in Schedule A of this report and Attachment 1 – Confidential Information attached to this report, and on such further or amended terms and conditions as deemed appropriate by the Chief Corporate Officer or her designate, and in a form acceptable to the City Solicitor.
2. To implement the LOI, City Council grant authority to enter into a Sublease Agreement with GIE (the "Sublease") and any other project-related agreements required to implement the transaction contemplated by LOI and the Sublease (the "Project-Related Agreements") subject to such further or amended terms and conditions as may be deemed appropriate by the Chief Corporate Officer, the General Manager of Economic Development & Culture, and the General Manager, Parks, Forestry and Recreation and in a form acceptable to the City Solicitor.
3. City Council authorize the Chief Corporate Officer and Director, Real Estate Services to severally execute the LOI, Sublease and Project-Related Agreements on behalf of the City.
4. City Council authorize the public release of the information contained in the Confidential Attachment 1 of this Report, following execution of the Sublease with GIE.
5. City Council authorize the Chief Corporate Officer or his/her designate in consultation with General Manager, Parks Forestry and Recreation or his/her designate, to administer and manage the Sublease and Project-Related Agreements 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.
6. City Council authorize the General Manager of Parks, Forestry and Recreation or designate to approve necessary tree removal that may be required in the course of this project, subject to (i) ensuring that no unnecessary destruction occurs, as per the appropriate City of Toronto Tree Protection Bylaws, and all impacts are mitigated to the fullest extent possible; and (ii) receipt of satisfactory tree protection plan, tree replanting plan, and natural environment stewardship plan.

7. City Council authorize the City Solicitor to complete the LOI, the Sublease and Project-Related Agreements, deliver any notices, and amend the commencement and other dates to such earlier or later date(s), as she may, from time to time determine.
8. City Council pass a by-law pursuant to Section 252 of the City of Toronto Act, 2006, providing authority to:
 - a. enter into a Municipal Capital Facility Agreement with GIE in respect of a portion of 205 Guildwood Parkway that will be used as an eligible municipal capital facility for community centre use, and parking ancillary to such use (the “Eligible Property”), in accordance with Ontario Regulation 598/06;
 - b. declare that the Eligible Property be used primarily for local community activities, for the purposes of the City, and for a public use; and
 - c. exempt the Eligible Property from property taxation for municipal and school purposes, which tax exemption is to be effective from the latter of the following dates: the date the municipal capital facility agreement is signed, the date the tax exemption by-law is enacted, and the commencement date of the Sublease.
9. City Council authorize the City Clerk to give written notice of the By-law when enacted pursuant to the requirements of the City of Toronto Act, 2006.
10. City Council grant authority for the City, in its capacity as land owner only (and not in its capacity as a planning/regulatory authority) to consent to the submission by GIE of applications and documents required in connection with any regulatory approvals in respect of the Project and each of the CCO and the Director of Real Estate Services be authorized severally to execute any documents required in this regard.
11. Authority be granted for the introduction of any necessary Bills to City Council.

Financial Impact

The relevant financial information is set out in the (i) Schedule A of this report; and (ii) Attachment 1 – Confidential Information attached to this report as it involves the security of the property of the City.

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

DECISION HISTORY

Refer to "Decision History" in the report dated February 5, 2014 from the Chief Corporate Officer, the General Manager, Economic Development and Culture, and the Acting General Manager, Parks, Forestry and Recreation

<http://www.toronto.ca/legdocs/mmis/2014/gm/bgrd/backgroundfile-66860.pdf>

ISSUE BACKGROUND

Refer to "Decision History" in the report dated February 5, 2014 from the Chief Corporate Officer, the General Manager, Economic Development and Culture, and the Acting General Manager, Parks, Forestry and Recreation

<http://www.toronto.ca/legdocs/mmis/2014/gm/bgrd/backgroundfile-66860.pdf>

COMMENTS

City Staff have continued to negotiate with GIE, a subsidiary of Dynamic, resulting in mutually satisfactory terms and conditions leading to a Letter of Intent ("LOI") as set out in Schedule A of this report and Attachment 1- Confidential Information.

In order to make the proposed transaction clear, all of the business terms, including those outlined in the Report GM28.10, are included in Schedule A and Attachment 1- Confidential Information of this report. Attachment 1 – Confidential Information from Report GM28.10 shall not be released as that information has been updated and is contained in Attachment 1 – Confidential Attachment of this report.

All Dynamic's roles and responsibilities as laid out in the Report GM28.10 and Confidential Attachment to Report GM28.10 are being taken on by GIE, a subsidiary of Dynamic.

Impact on Trees and Parkland

As final plans have not been established, it is not possible to quantify this project's impact on trees or plantable parkland. Based upon the currently available preliminary conceptual plans, this project is projected to potentially require the removal of approximately 100 trees that are 10 cm or larger when measured at 1.4 metres from the ground. As per the City of Toronto Tree Protection Bylaws, a satisfactory tree planting plan, tree protection plan, and natural environment stewardship plan will be required before the project moves forward.

Community Planning

GIE will be required to file a site plan application and a minor variance application under the *Planning Act* for the proposed banquet hall and restaurant facilities. These applications will be reviewed by staff from various City Divisions and outside commenting agencies. The proponent will be required to enter into a Site Plan Agreement with the City, to the satisfaction of the Chief Planner and the City Solicitor. As well, the proponent will need to obtain all other necessary approvals to amend provisions in the Zoning By-law to permit the proposed development project.

Disposition

There is a Site and Area Specific policy on the lands (#265 in Chapter 7 of the Official Plan) that exempts the lands at 201 Guildwood Parkway from the disposal prohibitions of City owned land under the Green Space System and/or Parks and Open Space Areas sections of the Official Plan.

Prior to City Council's consideration of this report, City's disposal by-law will have been complied with.

Legislation Regarding Municipal Capital Facilities

Section 252 of the *City of Toronto Act, 2006* allows the City to enter into agreements with any person for the provision of municipal capital facilities, and allows City Council to exempt from taxation for municipal and school purposes, land or a portion of land, on which municipal capital facilities are or will be located.

Ontario Regulation 598/06 prescribes the various classes of property eligible as municipal capital facilities for the purpose of section 252.

Under Section 252 of the *City of Toronto Act*, the legislation requires:

- (a) that the property owner and the City enter into an agreement for the provision of a municipal capital facility for the space being leased; and
- (b) that a by-law be passed by Council permitting the City to enter into the agreement, and to exempt the property to which the municipal capital facility agreement applies from taxation for municipal and school purposes.

The portion of the property located at 205 Guildwood Parkway which will be used for community uses corresponds to the City Community Centres class of eligible municipal capital facilities as set out in the Regulation. This class of eligible municipal capital facility must also be used primarily for local community activities, be for the purposes of the City, and be for public use. The portions of the proposed event/banquet/conference centre which may be eligible for exemption from taxation for municipal and school purposes are subject to discussion with MPAC. Accordingly, a municipal capital facility

by-law will be enacted at a later date when the eligible portions of the development have been determined.

Upon the passing of this by-law, the City Clerk must give written notice of the by-law to the Minister of Education. For the tax exemption, the City Clerk must also provide a written notice of the contents of the by-law to the Municipal Property Assessment Corporation (MPAC) and the Secretary of any affected school board(s).

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SIGNATURE

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ATTACHMENTS

Schedule A – Major Terms and Conditions of a Legally Binding Letter of LOI
Schedule B – Subleased Area
Attachment 1- Confidential Information

Schedule A
Major Terms and Conditions of a Legally Binding Letter of LOI

Subleased Area:	Approximately 62,060 square feet, which consists of the footprint of the structures and immediate buffer area as shown shaded on Schedule "B" of this report.
Use:	Subleased Area and/or the Project shall be used to construct and continuously operate a restaurant and event/banquet/conference centre, City and community uses, and for no other uses. GIE may not operate a casino but may, from time to time and subject to compliance with all regulatory requirements, apply for a temporary event licence for a charity casino or similar type of charitable event.
Scope of New Construction	<p>Approximately 28,000 square feet of event and ancillary space including, but limited to:</p> <ul style="list-style-type: none">• restoration and rehabilitation of the Bickford House to accommodate restaurant and ancillary uses• landscaping, additional parking lot construction and driveway <p>All construction shall be subject to prior approval of plans and specifications by the Chief Corporate Officer.</p>
Security:	<p>Prior to commencing construction, GIE shall supply a security deposit to the City in an amount equal to 105% of the budgeted value of construction for the Project to protect the City should the development not take place as contemplated. Such security shall be reduced as work is completed and once the CCO is satisfied that all amounts owing to contractors, suppliers and (sub)trades have been paid in full.</p> <p>The security deposit shall be in the form of cash or Letter of Credit or such other facility or vehicle satisfactory to the City's Deputy City Manager and Chief Financial Officer.</p>
Net and Carefree Sublease:	The Sublease shall be completely net and carefree to the City.
Operating Costs:	GIE shall be responsible for all expenses with respect to constructing and operating the facilities, including all taxes, utilities, maintenance, repairs and replacements for the Subleased Area.

Exclusivity: GIE shall have the exclusive right, throughout the Initial Term and the 10 year extension term, to operate a restaurant and banquet/conference centre within Guildwood Park.

This exclusivity provision does not extend to catering, vending, food cart or other rights within the Park.

Labour & Employment: GIE agrees that it shall at all times comply with the City's employment policies, including but not limited to Workers' Rights, Fair Wage, Labour Trade contractual Obligations in the Construction Industry, and Non-Discrimination Policies.

Conditions Precedent to Executing Sublease: The following conditions shall be satisfied or waived within a period of time agreed on by the Parties, failing which the transaction is terminated without any compensation owing by either party to the other:

- Approval of the LOI by City Council;
- A portion of the Project being designated as a Municipal Capital Facility;
- Approval of the Sublease by Toronto Region Conservation Authority; and
- GIE having entered into a Heritage Easement Agreement, and having obtained a permit to alter the heritage property under Section 33 of the Ontario Heritage Act, and obtain all other necessary permits and approvals from other Divisions or agencies having jurisdiction over the Project.

Schedule B Subleased Area

