



REVISED

Member Motion

City Council

Motion without Notice

MM37.29	ACTION			Ward: 10
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Various Agreements with The Canada Ireland Foundation and PortsToronto at 3 Eireann Quay - by Councillor Joe Cressy, seconded by Councillor Mike Layton

** Notice of this Motion has not been given. A two-thirds vote is required to waive notice.*
** This Motion is subject to referral to the General Government and Licensing Committee. A two-thirds vote is required to waive referral.*
** This Motion has been deemed urgent by the Chair.*

Recommendations

Councillor Joe Cressy, seconded by Councillor Mike Layton, recommends that City Council adopt the following recommendations in the report (November 5, 2021) from the Executive Director, Corporate Real Estate Management, the General Manager, Economic Development and Culture and the Chief Planner and Executive Director, City Planning:

1. City Council waive the application of the Community Space Tenancy Policy ("C.S.T. Policy") in respect of the lease transaction including the requirements outlined in the Request for Expressions of Interest in the C.S.T. policy and declare that it is in the interest of the City to grant a new lease to The Canada Ireland Foundation (the "Tenant") for nominal consideration.
2. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the General Manager, Economic Development and Culture and Chief Planner and Executive Director, City Planning, to negotiate a nominal sum lease, including any amendments to the Lease, not materially inconsistent with the major terms and conditions set out in the attached Appendix A to the report (November 5, 2021) from the Executive Director, Corporate Real Estate Management, the General Manager, Economic Development and Culture and the Chief Planner and Executive Director, City Planning and in a form acceptable to the City Solicitor.
3. City Council authorize the City, as Landlord to enter into:
 - a. an agreement with Tenant to effect the termination and surrender of the existing lease between the City and the Tenant dated September 13, 2019 ("Surrender of Lease"); and
 - b. the Lease with the Tenant, for a portion of the Administration Building (the "Building") located at 3 Eireann Quay comprising approximately 7,436 square feet (the "Leased Premises") for a twenty (20) year term substantially on the terms and conditions set out in

the attached Appendix A, including S.O.G.R. and A.O.D.A. work to be carried out at the Building in which the City will contribute up to \$1,976,850 (net of Harmonized Sales Tax), together with such other terms and conditions as may be deemed appropriate by the Executive Director, Corporate Real Estate Management in consultation with the General Manager, Economic Development and Culture, Chief Planner and Executive Director, City Planning and in a form acceptable to the City Solicitor.

4. City Council authorize the Executive Director, Corporate Real Estate Management to consent to the sublease agreement between the Tenant and PortsToronto (the "Landlord's Consent to the Sublease") in order for the Tenant to carry out its renovation work in PortsToronto's leased premises.
5. City Council authorize the Executive Director, Corporate Real Estate Management, as licensor to enter into a licence extension agreement with the Tenant to extend the licence agreement dated October 29, 2021 (as documented by Delegated Authority Form No. 2021-295) for a further term of up to twelve (12) months, as mutually agreed upon by both parties, for nominal consideration, for the purpose of construction staging in connection with the Tenant's renovation work at the Building (the "Licence Extension Agreement") and amend any terms and conditions as may be deemed appropriate by the Executive Director, Corporate Real Estate Management.
6. City Council authorize each of the Executive Director, Corporate Real Estate Management and the Director of Transaction Services severally to execute and deliver the Surrender of Lease, the Lease and any amendments to the Lease, the Landlord's Consent to the Sublease, the Licence Extension Agreement and any related documents contemplated thereunder on behalf of the City (collectively, the "Agreements").
7. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the General Manager, Economic Development and Culture and Chief Planner and Executive Director, City Planning, to direct the appropriate City staff to collaborate with the Tenant for a protocol on occasional outdoor programming and activation (the "Protocol"). The Protocol shall provide guidance for the provision of occasional and temporary access to the Tenant to the patio/landscaped area immediately adjacent the Building for purposes consistent with the use provisions in the Lease including (a) the location and extent of areas to which access may be provided; (b) the types of events for which access may be provided; and (c) the frequency of use.
8. City Council authorize the City Solicitor to complete the Agreements on behalf of the City, including amending the commencement date of the Agreements and other dates, and amending terms and conditions, on such terms as the City Solicitor deems advisable.
9. 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 Canada Ireland Foundation, with whom the City of Toronto will execute a lease for the property known as 3 Eireann Quay, for approximately 7,436 square feet owned by the City of Toronto, with respect to a facility used for cultural purposes; and
 - b. exempt the Leased Premises from taxation for municipal and school purposes, with the

tax exemption being effective from the latest of:

1. the commencement date of the lease;
2. the date the Municipal Capital Facility Agreement is entered into; and
3. the date the Tax Exemption By-law is enacted.

10. City Council pass a resolution that the Municipal Capital Facility referenced in Recommendation 9 is for the purposes of the City of Toronto and is for public use.

11. City Council direct the City Clerk to give written notice of the By-law to the Minister of Finance, the Municipal Property Assessment Corporation, the Toronto District School Board, the Toronto Catholic District School Board, le Conseil scolaire Viamonde and le Conseil scolaire catholique MonAvenir.

Summary

The purpose of this report is to seek City Council authority to enter into various agreements in connection with the renovation work to be carried out under the Bathurst Quay Neighbourhood Plan. The Administration Building (the "Building") located at City-owned 3 Eireann Quay (the "Property") is currently leased to The Canada Ireland Foundation (the "Tenant", formerly known as Ireland Park Foundation) and PortsToronto. The City (the "Landlord") entered into a lease agreement with the then Ireland Park Foundation dated September 13, 2019 to lease part of the Building, comprising approximately 7,420 sq. ft. for a term of five (5) years commencing on August 1, 2019 and expiring on July 31, 2024 (the "Current Lease").

The City (the "Landlord") will terminate and surrender the Current Lease and enter into a new nominal 20-year lease (the "Lease") with the Tenant for part of the Building to permit the Tenant to lead the transformation of the Building into a waterfront cultural and interpretive center, providing public commemorative and event space to acknowledge the contribution of Irish famine immigrants and their families, and to honour the history of multiculturalism and migration in the City of Toronto.

The Tenant's renovation work will extend into PortsToronto's leased premises in the Building. The City will provide its consent to the sublease agreement to be entered into between PortsToronto and the Tenant, to permit the Tenant to carry out the renovation work within PortsToronto's leased premises.

This Motion is urgent because the new lease and planned renovations to 3 Eireann Quay are coordinated with an adjacent City-led public realm project, and any delays will affect the delivery of the City's work.

Financial Impact

The Lease and Licence Extension Agreement is for nominal consideration.

In accordance with the terms of the Lease, the Tenant will be responsible for all realty taxes and operating costs related to the Leased Premises. The current estimated operating cost is \$21,151 annually based on the 2021 estimated occupancy costs resulting in no cost to the City. The Building is currently classed as tax exempt. Should property tax exemption not be granted under this use, the Tenant will be responsible for the payment of property taxes.

The total opportunity cost of the Lease over the twenty (20) year term is estimated to be approximately \$2,901,527 (net of Harmonized Sales Tax). This is based on a market value of \$19.51 per square foot for basic rent.

During the term of the existing lease, the Tenant was expected to complete basic building repairs at its sole cost; however, in 2017 and 2018, various assessments of the Building (including compliance with the Accessibility for Ontarians with Disabilities Act) were performed and the cost to undertake a comprehensive rehabilitation of the Building was estimated to be \$2,000,000 to \$3,000,000, which exceeded the scope of the basic building repairs that were initially undertaken by the Tenant.

The Tenant raised and secured approximately \$4,000,000 in funds towards the renovation of the Leased Premises. In addition to the funds raised by the Tenant, the City, under obligations as the Landlord, will contribute up to \$1,976,850 (net of Harmonized Sales Tax) to the Tenant's project budget to complete the required state of good repair ("S.O.G.R.") work and upgrades under the Accessibility for Ontarians with Disability Act ("A.O.D.A."). The Landlord would otherwise be responsible for carrying out both S.O.G.R. and A.O.D.A. work. The funding is included in Corporate Real Estate Management's 2022 – 2031 Capital Budget and Plan under the A.O.D.A. and S.O.G.R. program.

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with this program for review as part of the 2022 budget process.

Background Information (City Council)

Revised Member Motion MM37.29

<http://www.toronto.ca/legdocs/mmis/2021/mm/bgrd/backgroundfile-173016.pdf>

(November 5, 2021) Revised Report from the Executive Director, Corporate Real Estate Management, the General Manager, Economic Development and Culture, and the Chief Planner and Executive Director, City Planning on Various Agreements with The Canada Ireland Foundation and PortsToronto at 3 Eireann Quay

<http://www.toronto.ca/legdocs/mmis/2021/mm/bgrd/backgroundfile-173017.pdf>