

YMCA Relocation to St. Patrick's Market

Date: December 16, 2021

To: City Council

From: Executive Director, Corporate Real Estate Management

Wards: 10 - Spadina-Fort York

SUMMARY

The purpose of this report is to obtain authority for the City to enter into a lease agreement (the "Lease") and a separate agreement to carry out capital repair work on the leased premises with the YMCA of Greater Toronto (the "YMCA" or the "Tenant") for use of approximately 5,426 square feet of the main floor of the building located at 238 Queen Street West known as St. Patrick's Market (the "Leased Premises").

The YMCA currently operates a café and training facility pursuant to a lease (the "Metro Hall Lease") for premises located on a portion of the ground floor, the first sub-floor and the third floor of Metro Hall and has been requested by the City to relocate to a portion of the building at St. Patrick's Market. This proposed move will free up the existing footprint within Metro Hall to facilitate the necessary space reconfiguration for the relocation of the Adelaide Fire Hall from 260 Adelaide Street West to Metro Hall at 55 John Street, as part of the redevelopment of 260 Adelaide Street West.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management, recommends that:

1. City Council authorize the City to enter into a five-year, below market rent lease agreement (the "Lease") with YMCA of Greater Toronto (the "Tenant") for the use of approximately 5,426 square feet of the main floor of the building located at 238 Queen Street West known as St. Patrick's Market (the "Leased Premises"), substantially on the major terms and conditions as set out in Attachment 1, and other terms and conditions as may be deemed appropriate by the Executive Director, Corporate Real Estate Management, or their designate, and in a form acceptable to the City Solicitor.
2. City Council authorize the City to terminate the Metro Hall lease (the "Metro Hall Lease") between the City and YMCA with a commencement date of January

1, 2010 for premises located on a portion of the ground floor, the first sub-floor and the third floor of Metro Hall by providing one months' notice to the YMCA in accordance with the overholding provisions in the Metro Hall Lease.

3. City Council make a grant to the Tenant in the amount of up to \$1,000,000 to cover the Tenant's relocation and leasehold improvement costs in accordance with section 83 of City of Toronto Act, 2006 and City Council determine it is in the interests of the City to make the grant to the Tenant.

4. City Council authorize the Executive Director, Corporate Real Estate Management to enter into a construction agreement with YMCA to carry out capital repair work required to bring the building known as St. Patrick's Market into a state of good repair and in compliance with the City's obligations under the Accessibility for Ontarians with Disabilities Act, at a cost up to \$1,233,000 (net of Harmonized Sales Tax) on terms acceptable to the Executive Director, Corporate Real Estate Management and in a form acceptable to the City Solicitor.

FINANCIAL IMPACT

The City will be paid a total sum of approximately \$19,860 per annum for basic rent for a total of approximately \$99,296 (plus Harmonized Sales Tax) over the five-year term. The Tenant will be responsible for all realty taxes and operating costs associated with the Leased Premises.

In addition, the Tenant will pay to the City a percentage rent of 15 percent of the profit per annum, for each lease year from the commencement date, plus Harmonized Sales Tax. Percentage rent will be paid on an estimated basis monthly and adjusted annually in accordance with the terms of the Lease.

The rental rate paid by the YMCA under the proposed Lease will be below market value. The opportunity cost of the Lease, expressed in net present value terms, for the five-year term is \$2,177,987.

Staff are proposing a below market rate for this proposed Lease as the City deems the hospitality training program being operated by the YMCA to be important and necessary. The program is partially funded by the City through the Toronto Employment and Social Services Division.

As part of this transaction, the YMCA will complete capital repair work on behalf of the City in relation to the whole of the building's state of good repair and Accessibility for Ontarians with Disabilities Act work. The YMCA will be completing the restoration works on behalf of the City to ensure that the work can be completed within an eleven month time frame. The City's procurement procedures will push this process beyond the eleven month time frame required to meet the timeline for moving the Adelaide Fire Hall. The total estimated costs of the capital repair work is \$1,233,000.

The City has agreed to provide the Tenant with a one-time grant to assist the Tenant to recover its associated relocation and leasehold improvement costs up to a maximum of \$1,000,000. The Tenant will provide the City with supporting documentation including invoices and receipts to demonstrate that this grant supports out-of-pocket expenses.

Table 1 below shows the estimated maximum costs associated with construction work being reimbursed to the YMCA, including relocation costs earmarked to assist the Tenant.

Table 1: Summary of Tenant Reimbursements and Capital Repair Work

Cost Description	Estimated Costs	Source of Funds
YMCA Relocation Costs and Leasehold Improvement Costs	\$ 1,000,000	CCA251-14
Works associated with Accessibility for Ontarians with Disabilities Act requirements	\$ 685,000	CCA242-02
Works associated with State of Good Repairs requirements	\$ 163,000 \$ 385,000	CCA255-15 CCA252-03-F01
Total Costs of Works	\$ 2,233,000	

The Chief Financial Officer and Treasurer has reviewed the Financial Impact and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

At its meeting on October 1, 2021, City Council adopted EX26.2 "Redevelopment of 260 Adelaide Street West" and City Council authorized the City to enter into a joint development agreement and any related agreement with the owner of 254 Adelaide Street West to jointly rezone and sell 254 Adelaide Street West and 260 Adelaide Street West. As part of this agreement, the City will relocate the fire hall from 260 Adelaide Street West to Metro Hall at 55 John Street.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX26.2>

At its meeting on July 14, 2021, City Council adopted EC23.2 "Downtown West Services and Facilities Review - Workplan Progress" and City Council requested the Executive Director, Corporate Real Estate Management, in consultation with the General Manager, Economic Development and Culture, the Executive Director, Social Development, Finance and Administration, the General Manager, Parks, Forestry and Recreation and the Chief Executive Officer, CreateTO, to enable the lease of St. Patrick's Market for up to five years for its interim activation, including community and cultural services, and recognizing the historic intent that the property host a public food market, to engage local stakeholders for St. Patrick's Market and St. Patrick's Square

and the local Ward Councillor and to report to City Council for any necessary permissions and/or leases to activate those spaces.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EC23.2>

At its meeting on May 11, 2021, CreateTO Board approved the relocation of Fire Station 332 to Metro Hall and the redevelopment plan for 260 Adelaide which will include affordable housing, a new Paramedic post, and community space. The Board approved the financial business case for the potential disposition of 260 Adelaide and the requisite funding allocation of the proceeds. The Board also approved the redevelopment plan for 229 Richmond, which will include an at-grade park and a potential below-grade parking garage.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.RA22.9>

At its meeting on December 17, 2019, City Council adopted MM13.23 "Planning the Future of St. Patrick's Market - by Councillor Joe Cressy, seconded by Councillor Paul Ainslie" and City Council request the Deputy City Manager, Community and Social Services, to convene a community working group, to include area residents, the Grange Community Association, and the West Queen West Business Improvement Area, in consultation with the Ward Councillor, to consider the future community use of St. Patrick's Market, and to consider its original intention as a public market, plans to revitalize the adjacent public park, and other community and cultural uses.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM13.23>

This direction is with respect to the December 12, 2019 decision issued by the Ontario Superior Court of Justice in the City's favour. This decision formally terminates the lease with the private lease-holder, and permits the City to re-enter and take possession of the Market. As a result, the City must begin a robust public process to determine the future use of the Market. Through this process, we must consider its original intention as a public market, our plan to revitalize the adjacent public park, and other community and cultural uses that are critical to support our downtown communities.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM13.23>

At its meeting on May 22, 2018, City Council adopted PG29.7 "Downtown Community Services and Facilities Strategy" and City Council direct the Executive Director, Social Development, Finance and Administration with the Director, Real Estate Services Division, the Transition Lead, CreateTO, the General Manager, Parks Forestry and Recreation, and the Chief Planner and Executive Director, City Planning in partnership with University Settlement House, to explore opportunities to develop a for City-owned assets including St. Patrick's Market to better meet the emerging needs of the community, in consultation with the Ward Councillor and local community and in cooperation and alignment with the forthcoming Downtown West Service Plan as well as parks and public realm improvements, and to report back to Council by the fourth quarter of 2019.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PG29.7>

At its meeting on August 5, 2009, City Council adopted CC38.10 "Metro Hall Café and Catering - YMCA Lease" and authorized staff to enter into a lease agreement with the YMCA at Metro Hall. The YMCA would lease space on a portion of the ground floor, the first sub-floor and the third floor of Metro Hall 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.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.CC38.10>

COMMENTS

Background

As part of the redevelopment of 260 Adelaide Street West, the City of Toronto will be required to relocate the current Adelaide Fire Hall from 260 Adelaide Street West to Metro Hall at 55 John Street. This move necessitates the reconfiguration of the existing uses on the ground floor of Metro Hall, including the space currently being occupied by the YMCA.

Relocation to St. Patrick's Market

The YMCA currently operates a café and training facility on the ground floor of Metro Hall and has been requested by the City of Toronto to relocate in order to free up the existing footprint within Metro Hall to facilitate the necessary space reconfiguration for the Adelaide Fire Hall to move to Metro Hall.

Given the long-standing partnership between the City of Toronto and the YMCA in running many social programs including the Hospitality Training Program currently being operated at Metro Hall, staff have worked to identify possible locations to house the YMCA in an alternative location. St. Patrick's Market has been identified as the most suitable location given its size and proximity to the Metro Hall location.

The City of Toronto had reclaimed possession of St. Patrick's Market and the building currently sits vacant as remediation and restoration will be required to reprogram the space. A long-term vision is being developed for future community uses at St. Patrick's Market, and the surrounding area. The proposed Lease with the YMCA presents an opportunity for the City to restore a portion of the vacant building and animate the area in the interim while the long-term vision is being developed which is being led by City Planning in consultation with the local Councillor, and includes plans to engage the community for their input and feedback. The City is also currently exploring options for interim uses of the remaining space.

Details of the Lease

The proposed Lease is a five-year below market rent lease agreement that would permit the YMCA to occupy 5,426 square feet of the main floor of St. Patrick's Market (the "Leased Premises") as outlined in Attachment 2, to continue operating its hospitality training program and café that sells food to the public currently operating out of leased premises at Metro Hall. The City has agreed to enter into a separate agreement with the Tenant for the Tenant to complete state of good repair work and upgrades as necessary to comply with works required by the Accessibility for Ontarians with Disabilities Act to the building for a total amount not to exceed \$1,233,000 (exclusive of Harmonized Sales Tax) on behalf of the City, and has also earmarked \$1,000,000 to reimburse the

Tenant's out-of-pocket relocation expenses from Metro Hall to St. Patrick's Market and leasehold improvements. The Lease will commence the earlier of the completion of all Tenant's work or December 1, 2022. Under the Lease agreement, the Tenant is responsible for all applicable costs arising from the use of and occupancy of the Leased Premises.

The execution of the Lease will allow the Tenant to access the Leased Premises to proceed with the commencement of major construction and building alterations in February 2022, with a planned activation date of December 1, 2022.

CONTACT

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SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

ATTACHMENTS

Attachment 1 - Proposed Lease Terms and Conditions
Attachment 2 - Sketch of Leased Premises (Main Floor)

Attachment 1 - Proposed Lease Terms and Conditions

The following are the major terms and conditions of the proposed Lease with the YMCA of Greater Toronto:

Term No.	Heading	Terms
1.	Landlord	City of Toronto (the "Landlord" or the "City")
2.	Tenant	YMCA of Greater Toronto ("Tenant" or "YMCA")
3.	Leased Premises	<p>The property known municipally as 238 Queen Street West, Toronto (the "Leased Premises"). The Leased Premises has an area of approximately 5,426 square feet.</p> <p>Legal Description: PCL 13-15 SEC Y2; PT PARKLT 13 CON 1 FTB TWP OF YORK PARTS 12 AND 13, 66R14419; TORONTO , CITY OF TORONTO</p>
4.	Condition of Premises ("As-is Where is")	<p>The Leased Premises will be leased "as is, where is" with no representations or warranties by the Landlord as to its existing condition, at the Commencement Date.</p> <p>Notwithstanding the foregoing, the Landlord is responsible for funding and approving all of the Landlord's Work, subject to Section 15.</p>
5.	Term	Five (5) years commencing on the date following the end of the Construction Period as defined below or December 1, 2022.
6.	Construction Period	Period of time commencing upon execution of the lease agreement by the City (incorporating the terms herein) and ending on the earlier of the completion of all Landlord's Work and Tenant's Work to the City's and Tenant's satisfaction, each acting reasonably, or November 30, 2022.
7.	Extensions	There will be no further right to extend.
8.	Basic Rent	\$3.66 per square foot for the entirety of the Leased Premises for a sum of \$19,859.16 per annum or \$1,654.93 per month.

Term No.	Heading	Terms
9.	Deposit	The Tenant shall provide the Landlord with a deposit in the amount of \$3,309.86 plus applicable taxes to be held without interest by the Landlord as a rental deposit against the first and last month's rent.
10.	Percentage Rent	The Tenant shall pay (in each Lease Year) to the Landlord further Rent equal to fifteen percent (15%) of the profit in such Lease Year.
11.	Additional Rent	<p>The Tenant shall pay all operating costs of the Leased Premises and a proportionate share of the realty taxes for the building.</p> <p>The Landlord may enter into a Municipal Capital Facility agreement with the Tenant if the property is qualified under the realty tax exemption.</p>
12.	Utilities	The Tenant shall pay all utility costs of the Leased Premises.
13.	Maintenance	Tenant to provide all janitorial services, cleaning services, repair, keep in repair, and maintain the Leased Premises including any doors, windows, systems, and equipment.
14.	Permitted Use	<p>The Tenant shall use the Leased Premises for the operation of:</p> <ul style="list-style-type: none"> • (i) a Hospitality Training Program; • (ii) a Café and • (iii) for the sale of food to the public only.
15.	Landlord's Work	The Landlord is responsible for funding, approving and defining the Landlord's Work, at its sole cost. If requested, the Tenant shall carry out the Landlord's Work on behalf of the Landlord. The Landlord is responsible for reimbursing the Tenant for costs associated with the Landlord's Work and the Landlord will reimburse the Tenant within 30 days of written notice subject to the execution of a construction agreement between the Tenant and the City on terms satisfactory to Executive Director of CREM and in a form acceptable to the City Solicitor.

Term No.	Heading	Terms
16.	Tenant's Work	<p>The Tenant is required to complete the Tenant's Work. The Landlord shall provide the Tenant a grant for the Tenant's Work and associated relocation costs to a maximum of \$1,000,000 subject to the execution of an appropriate agreement between the Tenant and the City on terms satisfactory to Executive Director of CREM and in a form acceptable to the City Solicitor.</p> <p>The Tenant shall submit plans and specifications to be approved by the Deputy City Manager - Corporate Services, acting reasonably in compliance with all applicable laws.</p>
17.	Fair Wage and Labour Trades Obligations	<p>All works must comply with the <i>Landlord's Fair Wage Policy</i> and <i>Labour Trades Contractual Obligations</i> in the <i>Construction Industry Policy</i>, as same may be amended from time to time.</p>
18.	Heritage Work	<p>All work, alterations, repairs, renovations and any other work undertaken by the Tenant to the building must comply with the requirements as outlined by Heritage Preservation Services, applicable legislation, by-laws, policy, or regulations.</p> <p>Prior to the Tenant carrying out the Landlord's Work on behalf of the Landlord, the Landlord, at its sole cost, is responsible to obtain the necessary approvals from the City of Toronto with respect to the Landlord's Work that is subject to the City of Toronto's Heritage guidelines, policies or by-laws.</p>
19.	Space Plan	<p>The Tenant shall work with the Landlord to complete a space plan to both party's mutual acceptance delineating spaces which will be used exclusively by the Tenant, acting reasonably. This space plan shall form a part of the Lease agreement.</p>
20.	Termination	<p>During the term of the Lease, the Tenant shall have the right to terminate the Lease upon giving One Hundred & Eighty (180) days written notice subject to providing proof that the Hospitality Training program is being defunded.</p>

Term No.	Heading	Terms
21.	Subletting	The Tenant shall not sell, assign or otherwise dispose of its rights and obligations under the Lease or permit any other person or organization to occupy or use the Leased Premises, or any part thereof, or sublet the Leased Premises, or any part thereof, to a third party or in any way charge, encumber or pledge the Lease or its interest therein, without the prior written consent of the Landlord, which consent may be unreasonably withheld or delayed and need not be based upon any financial considerations whatsoever.

Term No.	Heading	Terms
22.	Insurance	<p>At all times during the Term and any renewal thereof, the Tenant at its own expense shall take out and keep in full force and effect:</p> <p>(a) all risks insurance (including flood and earthquake) property insurance in an amount equal to one hundred (100%) percent of the full replacement cost, insuring:</p> <p style="padding-left: 40px;">(I) all property owned by the Tenant or for which the Tenant is legally liable or installed by or on behalf of the Tenant, or located on the Leased Premises including, without limitation, leasehold improvements, chattels. furniture, stock, brewery equipment. office equipment, retail store and restaurant equipment, pressure vessels, mechanical and electrical equipment, fixtures, contents with coverage against all risks of physical damage; and</p> <p style="padding-left: 40px;">(II) business interruption insurance that reflects at least 12 months Gross Revenue.</p> <p>(b) comprehensive general liability insurance including owners' and contractors' protective, products and completed operations, personal injury including intentional bodily injury for the protection of persons or property, incidental medical malpractice, contingent/employer's liability, broad form contractual liability, broad form property damage, host liquor liability and provisions for cross liability and severability of interests with limits of not less than Five Million Dollars (\$5,000,000.00) per occurrence;</p> <p>(c) Tenant's "all-risk" legal liability insurance for the full replacement cost value of the Premises; and</p> <p>(d) any such other forms of insurance as the Chief Financial Officer and Treasurer of the City, acting reasonably, may require from time to time.</p>

Term No.	Heading	Terms
23.	Construction Liens	If any construction lien is registered against the building or the Leased Premises by reason of work done or materials supplied for or to the Tenant or for or to anyone holding an interest in the lands through the Tenant or if the Landlord is given notice of any such lien, the construction lien shall be discharged and vacated by the Tenant and the Landlord shall be fully indemnified by the Tenant. If the Tenant fails to discharge or vacate any liens within the time periods set out in the Lease, the Landlord may do so and may recover its costs as Additional Rent from the Tenant.
24.	Signage	Signs will be subject to the Landlord's consent, acting reasonably. The Tenant shall not erect signs other than those relating directly to the uses within the Leased Premises. Third-party signage, except for those of space tenants, shall not be permitted. All exterior signs shall comply with all applicable laws, regulations and guidelines, including, without limitation, those relating to heritage, and the Tenant shall be responsible for all costs and expenses relating to signage, including any required applications and permits.
25.	Indemnity	The Tenant will fully indemnify and save harmless the Landlord, its respective employees, agents and those for whom it is at law responsible for of, from and against all claims whatsoever. The Tenant agrees that it will not pursue any claim against a third party which may result in any claim by such third party against the Landlord.

