

Supplementary Report - Bulk Room Accommodations Agreement at 3 Park Home Avenue

Date: July 13, 2022

To: City Council

From: Executive Director, Corporate Real Estate Management

Wards: 18 – Willowdale

SUMMARY

The purpose of this supplementary report is to amend and update portions of GL32.19 for City Council consideration to enter into a Bulk Room Accommodations Agreement (the "Agreement") with North York Park Home Hotel LP (the "Landlord") for the building municipally known as 3 Park Home Avenue (the "Property") to provide accommodations for the refugee sector, in accordance with the Council-approved Emergency Shelter Development Process for siting and securing new shelters, as outlined in CD24.7.

Specifically, this supplemental report details revisions to the catering contract and additional terms and conditions relating to extraordinary events that may impact refugee space demand and cost management measures to support the activation of this site.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management recommends that:

1. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the General Manager of Shelter, Support and Housing Administration, to execute a Bulk Room Accommodations Agreement, and any related ancillary agreements, with North York Park Home Hotel LP., or a related legal entity, with respect to the property known municipally as 3 Park Home Avenue generally on the terms and conditions outlined in Appendix A to GL32.19 report dated June 17, 2022, as amended by the additional terms and conditions outlined in Appendix A to this Supplemental Report, and on such other or amended terms and conditions as may be deemed appropriate by the Executive Director, Corporate Real Estate Management, in consultation with the General Manager, Shelter, Support and Housing Administration, and in a form acceptable to the City Solicitor.

FINANCIAL IMPACT

The amendment to the total cost of the Agreement reported in GL32.19 consists of an increase of \$10,972,272 (net of Harmonized Sales Tax recoveries) to the catering amounts and an increase of \$26,988 to the rental costs totaling an increase of \$10,999,259 (net of Harmonized Sales Tax recoveries). The amendment revises the previously reported contract value of \$68,564,870 (net of Harmonized Sales Tax recoveries) to \$79,564,129 (net of Harmonized Sales Tax recoveries).

The nominal increase in the rental costs is due to an extra day in 2024 as a result of a leap year.

While there is an increase in the total catering cost over the term of the Agreement, the catering rate is significantly reduced from the previous daily rate outlined in GL32.19 of \$35 per person per day to \$30 per adult per day and \$15 for children aged twelve (12) and under per day. The increase in the total cost is a result of assuming occupancies of families of approximately three (3) people per room in all rooms as opposed to single individuals.

Funding of \$60.69 million is included in the 2022 Shelter, Support, and Housing Administration (SSHA) Approved Operating Budget under cost centre F00062 to provide accommodations for the refugee sector. If approved, the total amount required to implement this contract in 2022 is \$4,993,200 (net of Harmonized Sales Tax recoveries); accordingly, there are no additional operating impacts to the City in 2022 resulting from this contract. See Table 1 below for details of the amendment to the catering costs.

The financial implications of continuing to provide the temporary accommodation for refugee clients will be considered for funding along with other City priorities, public health requirements and available federal-provincial funding through the 2023 budget process.

Table 1: Revised Financial Impact of Rental and Catering Costs

Fiscal Year	Gross rental costs	Catering costs	Annual Costs Prior to Harmonized Sales Tax	Annual Costs Net of Harmonized Sales Tax Recoveries
Year 1 (2022 Budget)	\$3,076,840	\$1,830,000	\$4,906,840	\$4,993,200
Year 2 (2023 Budget)	\$9,363,900	\$5,475,000	\$14,838,900	\$15,100,065
Year 3 (2024 Budget)	\$9,864,920	\$5,490,000	\$15,354,920	\$15,625,167

Fiscal Year	Gross rental costs	Catering costs	Annual Costs Prior to Harmonized Sales Tax	Annual Costs Net of Harmonized Sales Tax Recoveries
Year 4 (2025 Budget)	\$10,312,900	\$5,475,000	\$15,787,900	\$16,065,767
Year 5 (2026 Budget)	\$10,787,400	\$5,475,000	\$16,262,400	\$16,548,618
Year 6 (2027 Budget)	\$7,392,060	\$3,645,000	\$11,037,060	\$11,231,312
Total	\$50,798,020	\$27,390,000	\$78,188,020	\$79,564,129

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impacts associated with this report as contained in the Financial Impact Section.

DECISION HISTORY

At its meeting of July 4, 2022, the General Government and Licensing Committee adopted item GL32.19, "Bulk Room Accommodations Agreement at 3 Park Home Avenue," authorizing the Executive Director, Corporate Real Estate Management, in consultation with the General Manager of Shelter, Support and Housing Administration, to execute a Bulk Room Accommodations Agreement, and any related ancillary agreements, with North York Park Home Hotel LP.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.GL32.19>

At its meeting on April 6, 2022, City Council adopted EC28.9 "COVID-19 Shelter Transition and Relocation Plan Update." Authority was granted for SSHA to enter into grant agreements as needed with at least three non-profit organizations to provide accommodations for approximately 750 refugee claimants outside of the City's base emergency shelter system.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EC28.9>

At its meeting on November 9, 2021, City Council adopted EC25.6 2022 "Shelter Infrastructure Plan, Community Engagement Review and Amendments to Contracts and Purchase Orders to Support Shelter Services," which granted authority to amend various existing non-competitive blanket contracts/purchase orders established to support the COVID-19 response, as well as authority to open and operate shelters and to take appropriate measures to provide adequate shelter capacity in response to unanticipated demands on the system.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EC25.6>

At its meeting on October 27, 2020, City Council adopted EC16.1 "Interim Shelter Recovery and Infrastructure Implementation Plan." It included several Bulk Room Accommodations Agreement at 3 Park Home Avenue

recommendations, including authorizing the General Manager, Shelter, Support and Housing Administration to receive funding and enter into new or amend existing agreements, subject to the approval of Shelter, Support and Housing Administration's 2021 Operating Budget, to continue to provide the City of Toronto's response for the homelessness service system. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EC16.1>

At its meeting on December 5, 6, 7 and 8, 2017, City Council adopted CD24.7 "2018 Shelter Infrastructure Plan and Progress Report." The report included authorizing the Emergency Shelter Development Process ("ESDP") for siting and securing new shelters. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD24.7>

At its meeting on April 26, 2017, City Council adopted CD19.6 "Proposed New Engagement and Planning Process for Emergency Shelters." The report included a new community engagement process that sets out how the public will be engaged around new or relocated municipal shelter locations. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD19.6>

At its meeting on October 2, 2015, City Council adopted CD6.5 "Updated Toronto Shelter Standards." The report included the current version of the Toronto Shelter Standards that present City of Toronto-funded shelter providers and clients with a clear set of expectations, guidelines and minimum requirements for the delivery of shelter services in Toronto. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.CD6.5>

COMMENTS

Following motions related to GL32.19, staff have advanced discussions with the hotel operator relating to (i) cost savings and greater flexibility under the catering contract, (ii) cost management strategies in transitioning clients into the Property gradually, (iii) extraordinary events that significantly change the flow of refugee claimants or the ability of the City to support refugee programming, and (iv) optimizing space use opportunities to support greater programming needs within the site.

Catering Contract

Pursuant to the catering contract, the Landlord will provide onsite daily catering, with the opportunity for the shelter operator to provide one meal once a week from an external catering source, allowing local food businesses in the surrounding area of the Property the ability to participate.

The shelter operator, to be chosen by SSHA, will work closely with the Landlord's catering staff to determine culturally appropriate meals, snacks, and beverages suitable for the clientele on a weekly basis with the mutual understanding that the Landlord will make best efforts to recognize the food preferences of refugees and refugee claimants. The Landlord shall accommodate dietary restrictions for health or religious reasons and

accommodate any changes to the menu, within reason and cost parameters, requested by the City at no additional cost to the City.

The catering contract includes a termination right in favour of the City in the event the catering service is not satisfactory to the City.

The daily costs for the catering has been revised to \$30/day for adult clients and \$15/day for children. Catering costs will be charged based on daily use (set through pre-orders submitted a week in advance); no catering costs will be incurred for meals not ordered.

Transition/Site Activation

The Landlord and the City will work together to determine a transition schedule for the first two months of the commencement date, allowing an escalating number of rooms to be occupied by City clients on a weekly basis until full occupancy is reached. This plan will provide the operator the opportunity to slowly transition in the clients and conduct any due diligence required for the intake/maintenance process as well as provide cost-saving opportunities.

Extraordinary Events

The Agreement contains rights to allow the City to return the Property to the market in the event the Government of Canada cancels its funding to the City for the administration of the program, or puts measures that would significantly restrict international travel, creating a substantial impact on demand for the refugee program at the Property.

Programming Space

To ensure maximum use of non-room space at the Property and in order for the residents to feel supported, the Landlord will provide residents with access to the swimming pool and ballroom for group activities, provided that safety protocols and guidelines are clearly established and met. SSHA will work closely with Parks, Forestry and Recreation to ensure programming opportunities are available for refugee clients.

CONTACT

Justin Lewis, Director, Infrastructure Planning & Development, Shelter, Support & Housing Administration, 416 397-0260, Justin.Lewis8@toronto.ca

Alison Folosea, Director, Transaction Services, Corporate Real Estate Management, 416-338-2998, Alison.Folosea@toronto.ca

Mina Fayez-Bahgat, Director, Program Support, Shelter, Support and Housing Administration, 416-397-4161, Mina.Fayez-Bahgat@toronto.ca

SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

ATTACHMENTS

Appendix A - Amendments to Major Terms and Conditions of the Agreement

1. Catering

- Annual Catering Expenses (net of Harmonized Sales Tax recoveries): \$5,571,360 per annum for a total of \$27,872,064. One meal a week may be catered by an external vendor, to be administered by the operator
- Meals will be charged at \$30/day/adult and \$15/day/child (12 years and younger)

2. Gross Rent (net of Harmonized Sales Tax recoveries)

- Year 1 (2022 Budget): \$3,130,992
- Year 2 (2023 Budget): \$9,528,705
- Year 3 (2024 Budget): \$10,038,543
- Year 4 (2025 Budget): \$10,494,407
- Year 5 (2026 Budget): \$10,977,258

Year 6 (2027 Budget): \$7,522,160

3. Site Transition: The Landlord and the City/the operator will determine a transition schedule within the first two months of the commencement date with an escalating number of rooms to be occupied (and charged) on a weekly basis until full occupancy is reached (by November 1, 2022). Between September 1, 2022 and October 31, 2022, the City is not required to rent/occupy all of the rooms in the Property.

4. Extraordinary Event - The City may, in its sole discretion, return the Property to the Landlord, on six months' prior notice, in the event the Government of Canada cancels, or suspends during the term of the lease, the federal funding used by the City for its refugee programs or implements such measures that significantly impact international travel, such that the City's need for this Property or ability to fund this Agreement is significantly and materially impacted.