

**DELEGATED APPROVAL FORM
CITY MANAGER
DEPUTY CITY MANAGER, CORPORATE SERVICES**

TRACKING NO.: 2019-181

Approved pursuant to the Delegated Authority contained in Item EX27.12, as adopted by City Council on October 2, 3 & 4, 2017, as amended by Item GM27.12, adopted by City Council on May 22, 23 & 24, 2018 or, where applicable, in Item EX28.8, as adopted by City Council on November 7, 8 & 9, 2017

Prepared By:	Loretta Ramadhin	Division:	Real Estate Services
Date Prepared:	June 10, 2019	Phone No.:	416-392-7169

Purpose To obtain authority to enter into a lease agreement (the "Agreement") with Her Majesty The Queen In Right of Ontario, As Represented by the Minister of Government and Consumer Services (the "Landlord") for use of the Property, as defined below, for the purpose of operating a homeless shelter for a 3 year term commencing May 1, 2019 and terminating April 30, 2022 (the "Term"), required for the George Street Revitalization project (the "Project").

Property Part of the lands legally described as LT 5 E/S JARVIS ST, 6 E/S JARVIS ST, 7 E/S JARVIS ST PL 10A TORONTO; LT 5-9 PL 12E TORONTO; LANE PL 12E TORONTO; PT LT 8 E/S JARVIS ST PL 10A TORONTO; PT PCL B PL D278 TORONTO; PT BLK D PL 341E TORONTO PT 1 - 5 RD176; CITY OF TORONTO SAID LANDS BEING ALL OF PIN 21100-0056 (LT), and being the entire building municipally known as 354 George Street, except for the linked access area connecting the building to the adjacent building at 311 Jarvis Street, and including the south parking lot area, as shown on the Location Maps in Appendix "B" and outlined in red, (the "Property").

- Actions**
1. The City enter into the Agreement with the Landlord substantially on the terms and conditions outlined in Appendix "A", and on such other amended terms and conditions as deemed appropriate by the Deputy City Manager, Corporate Services (the "DCM") or designate, and in a form satisfactory to the City Solicitor.
 2. The DCM administer and manage the Agreement, including the provision of any consent, non-disclosure agreements, approvals, waivers, notices and notices of termination provided that the DCM may, at any time, refer consideration of such matter to City Council for its determination and direction.
 3. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact The following costs will be incurred by the City in connection with the Lease:

1. Basic Rent: \$198,617.71 per annum net of HST recoveries or \$195,182.50 per annum exclusive of HST, payable in advance in equal monthly installments of \$16,265.21, for a total basic rent for the Term being \$585,547.50 exclusive of HST.
2. Parking Lot: \$38,760.00 per annum exclusive of HST, payable in advance in equal monthly installments of \$3,230.00, for the period of July 1, 2019 – April 30, 2022 for a total parking cost for the Term being \$109,820.00, exclusive of HST.
3. The City is responsible for all utility costs estimated to be \$86,000.00 annually and property taxes, if applicable
4. The City is responsible for a 24/hr, 365 day/year security guard retained and overseen by the Landlord for the purpose of preventing any unauthorized entry from the Property into the neighbouring building located at 311 Jarvis Street, which costs are estimated to be \$162,000.00 annually
5. Costs for planned capital repairs and renovations for the intended use are estimated to be \$2,500,000.00

Total estimated lease costs and operating cost for the Term of the lease and associated capital repairs is \$3,939,367.50 plus HST. Funding is available under cost center CHS040-03.

Comments The Chief Financial Officer & Treasurer has reviewed this DAF and agrees with the financial impact information. The Property, comprising of 19,325 square feet of building area and 4,485 square feet of the south parking lot, was formerly the York Detention Centre and had been identified by the City as suitable location for the Project. As part of its due diligence, the City obtained permission to enter the Property to complete environmental testing. This limited-use licence, which was authorized by DAF 2017-184, expired March 30, 2018. Near the end of limited-use licence, the City entered into a separate licence with the Licensor to establish a respite center for a three month period commencing January 29, 2018 and ending April 30, 2018, as authorized by DAF 2018-047. In order to continue the services at this location, the City entered into a further extension with amendments to include the original and additional operating costs and extend the term of the licence to expire December 31, 2018, as approved by DAF 2018-167 dated Sept. 18, 2018. The licence was extended further for the period of January 1, 2019 – April 30, 2019 as authorized by DAF 2019-013 dated January 11, 2019. City staff have been negotiating a lease for the Property since January 2019.

Real Estate Services considers the terms and conditions this Agreement for the purpose of operating a shelter for the Project to be fair and reasonable.

Terms Refer to Appendix "A"

Property Details	Ward:	13 – Toronto Centre
	Assessment Roll No.:	19 04 066 370 012 00
	Approximate Size:	
	Approximate Area:	2,212 m ² ± (23,810 ft ² ±)
	Other Information:	

A.	Deputy City Manager, Corporate Services has approval authority for:	City Manager has approval authority for:
1. Acquisitions:	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
2. Expropriations:	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.
3. Issuance of RFPs/REOIs:	<input type="checkbox"/> Issuance of RFPs/REOIs.	Delegated to a less senior position.
4. Permanent Highway Closures:	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.	Delegated to a less senior position.
5. Transfer of Operational Management to Divisions and Agencies:	<input type="checkbox"/> Transfer of Operational Management to Divisions and Agencies.	Delegated to a less senior position.
6. Limiting Distance Agreements:	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
7. Disposals (including Leases of 21 years or more):	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:	<input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.	Delegated to a less senior position.
9. Leases/Licences (City as Landlord/Licensor):	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.
	<input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding twelve (12) months, including licences for environmental assessments and/or testing, etc.	Delegated to a less senior position.
	<input type="checkbox"/> (c) Where compensation is less than market value, provided tenant and lease satisfy Community Space Tenancy Policy criteria set out in Item EX28.8, as adopted by Council on November 7, 8 and 9, 2017.	Delegated to a less senior position.
10. Leases/Licences (City as Tenant/Licensee):	<input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> (a) Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
	<input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.	Delegated to a less senior position.
12. Easements (City as Grantee):	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
13. Revisions to Council Decisions in Real Estate Matters:	<input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (u)).	<input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (u)).
14. Miscellaneous:	<input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences	Delegated to a less senior position.
	<input type="checkbox"/> (b) Releases/Discharges	
	<input type="checkbox"/> (c) Surrenders/Abandonments	
	<input type="checkbox"/> (d) Enforcements/Terminations	
	<input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates	
	<input type="checkbox"/> (f) Objections/Waivers/Cautions	
	<input type="checkbox"/> (g) Notices of Lease and Sublease	
	<input type="checkbox"/> (h) Consent to regulatory applications by City, as owner	
	<input type="checkbox"/> (i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title	
	<input type="checkbox"/> (j) Documentation relating to Land Titles applications	
<input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds		

B. City Manager and Deputy Manager, Corporate Services each has signing authority on behalf of the City for:

- Documents required to implement matters for which he or she also has delegated approval authority.

Deputy City Manager, Corporate Services also has signing authority on behalf of the City for:

- Agreements of Purchase and Sale and all implementing documentation for purchases, sales and land exchanges not delegated to staff for approval.
- Expropriation Applications and Notices following Council approval of expropriation.

Consultation with Councillor(s)

Councillor:	Kristyn Wong-Tam	Councillor:	
Contact Name:	Tristan Downe-Dewdney	Contact Name:	
Contacted by:	Phone <input checked="" type="checkbox"/> E-Mail <input type="checkbox"/> Memo <input type="checkbox"/> Other <input type="checkbox"/>	Contacted by:	Phone <input type="checkbox"/> E-mail <input type="checkbox"/> Memo <input type="checkbox"/> Other <input type="checkbox"/>
Comments:	Responded June 14, 2019 (no objections)	Comments:	

Consultation with Divisions and/or Agencies

Division:	Shelter, Support and Housing Administration	Division:	Financial Planning
Contact Name:	Laural Raine	Contact Name:	Lauren Birch
Comments:	Responded June 14, 2019 (no objections)	Comments:	Responded June 20, 2019 (no objections)

Legal Division Contact

Contact Name:	Catherine Thomas and Jennifer Davidson
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DAF Tracking No.: 2019-181	Date	Signature
Recommended by: Manager, Real Estate Services – D. Somas	June 24, 2019	Signed by Daran Somas
Recommended by: Acting Director, Real Estate Services –N.Simos	June 25, 2019	Signed by Nick Simos
<input checked="" type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services	June 26, 2019	Signed by Josie Scioli
<input checked="" type="checkbox"/> Approved by: Josie Scioli		
<input type="checkbox"/> Approved by: City Manager Chris Murray		X

General Conditions ("GC")

- (a) The local Councillor (or local Councillors if the subject property is located on a ward boundary or if the transaction involves an exchange of properties in more than one ward), will be consulted prior to the exercise of delegated Approving Authority by staff for all Acquisitions, Disposals, Land Exchanges and Leases. In the event of a vacancy in the Ward in which the subject property is located, the Mayor's office shall be consulted in the alternative.
- (b) Where approving power has been delegated to staff, the Deputy City Manager, Corporate Services, in consultation with any other applicable Deputy City Manager or the City Manager, may determine that such matter is of such special interest that same should be returned to the relevant Committee and Council for consideration and determination.
- (c) Exercise of delegated authority is subject to all applicable Council policies, statutes or other applicable law.
- (d) Authority to approve financial commitments/expenditures is subject to all amounts being available in an approved budget, or funding being available from third party sources, except for "Strategic Property Acquisitions" as set out in EX44.22 adopted by Council August 25, 26, 27 and 28, 2014, which identifies alternative funding mechanisms subject to additional approval requirements.
- (e) Property interests are to be based on appraised value, and no interest shall be granted at less than market value unless otherwise specifically authorized.
- (f) Authority to approve transactions at less than market value is subject to statutory anti-bonusing provisions.
- (g) Total compensation means the aggregate of all types of payments, including land value, estimated clean-up costs, potential arbitration awards, loss claims, etc., but exclusive of any applicable taxes and registration costs.
- (h) Authority to acquire property is conditional upon provision being made to bring the property into compliance with applicable MOE or other requirements such that it will be fit for its intended municipal purpose, except for property acquisitions of 50M² or less for transit shelter purposes.
- (i) Authority to initiate the permanent road closure process in **A.4** is conditional upon confirmation by the GM of Transportation Services that it is feasible to permanently close the highway.
- (j) Disposal authorities in **A.7** are subject to the property having been declared surplus, and the disposal policy complied with.
- (k) Land exchanges, except for those in **A.8**, may be authorized based on the delegated Approving Authority for disposals in **A.7**.
- (l) Approving Authority with respect to land located in the Designated Waterfront Area as defined in the *Toronto Waterfront Revitalization Corporation Act, 2002* is conditional upon the approval of the Director, Waterfront Secretariat.
- (m) Authority to approve an exchange of land in **A.8** is conditional upon confirmation by the Chief Planner and Executive Director of City Planning, and the GM of Parks, Forestry & Recreation, that the land being exchanged is (i) nearby land of equivalent or larger area, and (ii) of comparable or superior green space utility.
- (n) Approving Authority in **A.9** Leases (City as Landlord) but not Licences (City as Licensor) is limited to periods (including options/renewals) of less than twenty-one (21) years, as leases of 21 years or more may be authorized based on the delegated Approving Authority for disposals in **A.7**.
- (o) Total compensation in leasing matters where the City is landlord (**A.9**) includes the value of tenant improvements if factored into tenant's rental payments.
- (p) Total compensation in leasing matters where the City is the tenant (**A.10**) includes the value of any tenant improvements to be paid by the City.
- (q) Where options/renewals are included in leases, if the renewal rent is to be determined at a date later than the original approval date, total compensation is to be calculated as though all options are exercised, estimating the renewal rent based on the highest rent payable in the first term of the lease.
- (r) Total compensation in leasing matters where the City is landlord (**A.9**) or tenant (**A.10**) is to be calculated from the date of approval pursuant to this delegation (ie. first allowing for the expiry of any prior approvals, whether by Council or a delegated authority).
- (s) Approving Authority in leasing matters includes authority to approve renewals/extensions within the parameters of the delegated Approving Authority.
- (t) Approving Authority includes authority for amendments within the parameters of the delegated Approving Authority, the cumulative total of which may not exceed the delegated financial limit.
- (u) Where proposed additional amounts in **A.13** exceed 10 per cent of the original decision, even if otherwise in compliance with all other conditions, then Approving Authority is transferred upwards to the next more senior level of Approving Authority having the relevant overall financial limit.
- (v) Approving Authority includes authority for all documents necessary to implement the authority, including ancillary agreements, on terms and conditions satisfactory to the Approving Authority, in consultation with the relevant operating Division(s).
- (w) Staff positions referred to in this delegation include successors from time to time.
- (x) Documents are to be in a form satisfactory to the City Solicitor (including indemnity and insurance provisions).
- (y) Delegated signing authorities in **B** are conditional upon the documents having received the City Solicitor's prior "Approval as to Form".
- (z) Authority to use land acquired by the City for parking purposes by the Toronto Parking Authority is conditional upon Council enacting a by-law designating such use.
- (aa) All residential leasing documents shall adhere to the *Residential Tenancies Act, 2006* and any successor legislation.
- (bb) Despite GC(n), Approving Authority in residential leasing matters is not limited to periods of less than twenty-one (21) years and total compensation in residential leasing matters where the City is landlord is to be calculated based on an assumed term of ten years unless the lease term expressly identified therein is longer.
- (cc) Where Approving Authority has been delegated to the Manager level, such authority shall be conditional upon the Manager first having secured the written concurrence of a second Manager within the Real Estate Services Division.
- (dd) Where the City is transacting with a public agency, and such agency requires that an unqualified environmental indemnity be granted by the City, the authority to acquire property includes authority to grant such an indemnity, provided that the Phase I and Phase II environmental site assessments undertaken on behalf of the City have identified no significant environmental impacts or human health threats, with no, or minor action required ("Low Risk").

Appendix "A"

Terms and Conditions

Tenant:	City of Toronto
Landlord:	Her Majesty the Queen in Right of Ontario as represented by the Ministry of Infrastructure as represented by the Ontario Infrastructure and Lands Corporation, also known as Infrastructure Ontario (IO)
Property:	354 George Street and South Parking Lot, as shown outlined in red in Schedule "B"
Leased Area:	19,325 square feet, including the basement and 4,485 square feet for the parking lot area.
Term:	3 years commencing May 1, 2019 and terminating April 30, 2022. No option to extend.
Basic Rent:	\$195,182.50 per annum, payable in equal monthly instalments of \$16,265.21 commencing May 1, 2019 based on a rate of \$10.10 per square foot.
Additional Costs:	
i. Tenant Parking Lot:	\$38,760.00 per annum, payable in equal monthly instalments of \$3,230.00 per month commencing July 1, 2019. The Tenant is responsible for installing a fence that divides the Tenant Parking Lot from the Landlord's Parking Lot.
ii. Sales Tax:	All applicable HST
iii. Taxes:	All applicable property taxes for the Leased Area, subject to the City obtaining approval for and entering into a Municipal Capital Facility Agreement with the Landlord, under which any tax exemption, it has been agreed, would be to the benefit of the City.
iv. Security:	The City shall be responsible for the cost of security, including a dedicated 24/hr, 365 day/year security guard to be retained and managed by the Landlord, in order to prevent unauthorized access to the neighbouring building at 311 Jarvis Street.
v. Maintenance:	The City shall maintain the Property at its sole cost and expense, including repairs of a capital nature that are specific to 354 George Street. Capital repairs that may affect 311 Jarvis Street will be the responsibility of the Landlord, or jointly responsible by both the Landlord and Tenant, depending on the cause and nature of the required repair..
Use:	For the purpose of operating a respite center and/or homeless shelter and providing ancillary social, health, housing, nutritional, employment and community services. The Parking Lot shall be used as an area for congregating by the Tenants and its invitees. The Tenant shall be permitted to use the Parking Lot for the purpose of parking vehicles when required for construction/maintenance or employee accommodation.
Insurance:	The Tenant shall provide the Licensor with a certificate of insurance for: i) All Risks Insurance covering the Property and, ii) Comprehensive General Liability Insurance with coverage for any occurrence of not less than five million dollars (\$5,000,000). Each policy shall name the Landlord, OILC and any designated mortgagee as an additional insured and shall contain a waiver of subrogation, an undertaking by the insurer that no material change adverse to Landlord or Tenant will be made on less than 30 days notice, a severability of interest clause, a cross liability clause and a stated amount for co-insurance endorsement.
Indemnity:	The Tenant shall indemnify and save harmless the Landlord, OILC and any service provider, from and against any and all loss, claims, actions, damages, liability and expenses in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising from or out of this Lease, except to the extent caused by the Landlord's negligence. .

The Tenant shall further indemnify and hold the Landlord harmless against losses resulting from any breach of the environmental covenants or any legal actions from any third party against the Landlord concerning the release of contaminants on the Property, except for fungal contaminants or any substance documented in the Designated Substances Survey dated October 24, 2017, and the update thereof, which the City must complete and circulate to the Landlord within 3 months of the Commencement Date.

Appendix "A" cont'd**Terms and Conditions**

- Release** Landlord shall not be liable for any injury to person or property except to the extent that the injury is caused by Landlord's failure to uphold its share of the maintenance obligations, as set out in the Lease.
- Dangerous Activity And Contamination:** The Tenant will not knowingly use any part of the Property for any dangerous activity or knowingly bring anything on the Property which may be hazardous. The Tenant will not permit the presence of any environmental contaminants other than those identified in the Designated Substance Survey (DSS) completed October 24, 2017. The parties acknowledge that fungal contaminants in the form of mould exist in the basement and pre-existed prior to the Tenant's occupation of the Property. The parties further acknowledge that the shelter use is permitted.
- Tenant Improvements:** The Landlord has consented to the architectural, mechanical and electrical work required to carry out the intended use of the space. All improvements shall be deemed to belong to the Landlord upon installation however City may remove any unwanted items at the end of the Term. The Tenant will not make any subsequent improvements to the Property without the Landlord's written consent and the obtaining of consent could require engineering drawings and reviews.
- Roof Access:** The Tenant shall be responsible for constructing and installing roof access to the building within 6 months of the commencement date of the lease.
- Overhold:** If the Tenant remains in possession of the Property after the expiry of the Term, the Tenant shall be deemed to be occupying the Property as a monthly tenant at twice the monthly Basic Rent. Should the Tenant be in the process of negotiating with the Landlord an additional lease term or purchase, the Basic Rent shall remain fixed for a 6 month period at the same Basic Rent.
- Assignment & Sublet:** The Tenant shall not assign the Lease. The Tenant shall not sublet any part of the Property, or grant a licence to anyone other than one of the two per-authorized operators, without the prior written consent of the Landlord, which may not be unreasonably withheld.

Appendix "B"

Location Maps

