

DELEGATED APPROVAL FORM CITY MANAGER DEPUTY CITY MANAGER. CORPORATE SERVICES

TRACKING NO.: 2019-210

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: July 31, 2019 Phone No.: 416-392-7169 **Purpose** To obtain authority for the City of Toronto as tenant, to enter into a Lease Agreement (the "Lease") with 1622774 Ontario Ltd. (the "Landlord"), for the property located at 233 Carlton Street, to be used for Health and Welfare Services, community programs, and services ancillary to the foregoing. The property municipally known as 233 Carlton Street, Toronto and legally described as Part of Lots 24 and 25, Block **Property** D, Plan D-138 Toronto, as in Instrument CA668571, being all of PIN 21088-0219 (LT) (the "Property") as shown on the Survey in Appendix "B" and Location Map in Appendix "C". **Actions** The City enter into the Lease with the Landlord to lease the Property for a 10 year term commencing on January 1, 2020, with an option to renew for 5 years, on the terms and conditions set out in Appendix "A", and any other or amended terms and conditions as may be deemed appropriate by the City Manager, and in a form acceptable to the City Solicitor; The City Manager or his designate administer and manage the Lease, including the provision of any amendments, consents, approvals, waivers, notices, extensions and notices of termination, provided that the City Manager may, at any time, refer consideration of such matters to City Council for its determination and direction; The appropriate City officials are authorized and directed to take the necessary action to give effect thereto. **Financial Impact** Total estimated lease costs and operating costs for the Term and Extended Term of the lease and associated capital repairs is \$9,764,984.12 (net of HST recoveries), as detailed below. Funding is available in the 2019 - 2028 Council Approved Capital Budget and Plan for Shelter, Support and Housing Administration ("SSHA") under capital account CHS044-08. The following costs will be incurred by the City in connection with the Lease: 1. Basic Rent of \$331,604.00 (plus HST) for the first year and increasing approximately 2.5% each year Total Basic Rent for the initial 10 year period: \$ 3,714,861.58 2. Estimated Basic rent for 5 year optional extension period (plus HST) assuming rate increases by 2.5% each year Total Basic Rent for the 5 year extension period: \$ 2,231,212.40 3. Estimated HST on Basic Rent for Initial and Extended Term (1.76%) \$ 104.650.90 4. Landlord Insurance Cost (2018 cost) \$ 14.259.24 **Total Estimated Lease Costs:** \$ 6,064,984.12 In addition, SSHA will be completing renovations to the property that will cost approximately \$3,700,000.00 (net of HST recoveries). The City will also be responsible for all utilities, operating costs which include costs to maintain and repair the Property and realty taxes, subject to a request to City Council for a Municipal Capital Facility exemption. The Chief Financial Officer & Treasurer has reviewed this DAF and agrees with the financial impact information. Comments SSHA wishes to lease the Property to replace the existing 24 hour women's drop in centre located at 67 Adelaide Street East, ("Adelaide Resource Centre"). The Adelaide Resource Centre is currently operated out of a City owned facility that has been identified as a suitable location and building for a new shelter, which is required as per Recommendation 163 of Item EX31.2, 2018 Capital and Operating Budgets, adopted by City Council at its meeting of February 12, 2018, wherein City Council directed staff to create 1,000 new permanent shelter beds. The Property is comprised of a 4 story building with an office set up plus a basement. Planned renovations include the addition of a new elevator for accessibility requirements, kitchen, showers, programming areas and a rooftop patio. Refer to the Terms and Conditions in Appendix "A" Terms **Property Details** Ward: 13 - Toronto Centre Assessment Roll No.: 19 04 074 080 023 00 Approximate Size: $1,184.89 \text{ m}^2 \pm (12,754 \text{ ft}^2 \pm)$ Approximate Area: Other Information:

Α.	Deputy City Manager, Corporate Services has approval authority for:	City Manager has approval authority for:							
1. Acquisitions:	Where total compensation does not exceed \$5 Million.	Where total compensation does not exceed \$10 Million.							
2. Expropriations:	Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.	Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.							
3. Issuance of RFPs/REOIs:	Issuance of RFPs/REOIs.	Delegated to a less senior position.							
4. Permanent Highway Closures:	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:	Transfer of Operational Management to Divisions and Agencies.	Delegated to a less senior position.							
6. Limiting Distance Agreements:	Where total compensation does not exceed \$5 Million.	Where total compensation does not exceed \$10 Million.							
7. Disposals (including Leases of 21 years or more):	Where total compensation does not exceed \$5 Million.	Where total compensation does not exceed \$10 Million.							
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:	Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.	Delegated to a less senior position.							
Leases/Licences (City as Landlord/Licensor):	(a) Where total compensation (including options/renewals) does not exceed \$5 Million.	Where total compensation (including options/ renewals) does not exceed \$10 Million.							
	(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.							
	(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.							
Leases/Licences (City as Tenant/Licensee):	Where total compensation (including options/ renewals) does not exceed \$5 Million.	Where total compensation (including options/ renewals) does not exceed \$10 Million.							
11. Easements (City as Grantor):	(a) Where total compensation does not exceed \$5 Million.	Where total compensation does not exceed \$10 Million.							
	(b) When closing roads, easements to pre-existing utilities for nominal consideration.	Delegated to a less senior position.							
12. Easements (City as Grantee):	Where total compensation does not exceed \$5 Million.	Where total compensation does not exceed \$10 Million.							
13. Revisions to Council Decisions in Real Estate Matters:	Amendment must not be materially inconsistent with original decision (and subject to General Condition (u)).	Amendment must not be materially inconsistent with original decision (and subject to General Condition (u)).							
14. Miscellaneous:	(a) Approvals, Consents, Notices and Assignments under all Leases/Licences	Delegated to a less senior position.							
	(b) Releases/Discharges								
	(c) Surrenders/Abandonments								
	(d) Enforcements/Terminations								
	(e) Consents/Non-Disturbance Agreements/ Acknowledgements/Estoppels/Certificates								
	(f) Objections/Waivers/Cautions								
	(g) Notices of Lease and Sublease								
	(h) Consent to regulatory applications by City, as owner								
	(i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title								
	(j) Documentation relating to Land Titles applications								
	(k) Correcting/Quit Claim Transfer/Deeds								
B. City Manager and Deputy Ma	nager, Corporate Services each has signing authori	ity 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:	Cour	Councillor Kristyn Wong-Tam					Councillor:									
Contact Name:	Trista	Tristan Downe-Dewdney					Contact Name:									
Contacted by:	F	Phone		E-Mail		Memo	Х	Other	Contacted by:		Phone	E-mail		Memo		Other
Comments:	In pe	In person July 24, 2019					Comments:									
Consultation with Divisions and/or Agencies																
Division:	Shelter, Support and Housing Administration					Division:	Fi	Financial Planning								
Contact Name:	Laural Raine					Contact Name:	Fi	Filisha Jenkins								
Comments:	In person July 24, 2019 (no objections)					Comments:	Eı	Email response July 31, 2019 (no objections)								
Legal Division Contact																
Contact Name:	Soo	Kim Lee														

DAF Tracking No.: 2019-210	Date	Signature
Recommended by: Manager, Real Estate Services – D. Somas	August 1, 2019	Signed by Daran Somas
Recommended by: Director, Real Estate Services – N. Simos	August 1, 2019	Signed by Nick Simos
x Recommended by: Deputy City Manager, Corporate Services Josie Scioli		X
x Approved by: City Manager FOR Chris Murray	August 6, 2019	Signed by Josie Scioli

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.
- (I) 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".
- (2) 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: 1622774 Ontario Ltd.

Property: 233 Carlton Street, Toronto

Leased Area: The lands and premises comprising of a 12,754 square feet building, including the basement

Term: 10 years commencing January 1, 2020 and terminating December 31, 2029.

Extended Term: Provided the Lease has been signed and the City has not been in habitual default, a further period of

5 years, upon delivery of written notice not less than 6 months and not more than 18 months before the expiry of the term. The Extended Term will be on the same terms and conditions save for the Basic Rent which shall be based on the then fair market rent based on comparable premises,

without taking into account the new elevator to be installed by the City.

Basic Rent: \$331,604.00 for the first year, payable in equal monthly instalments of \$27,633.67 based on a rate of

\$26.00 per sq. ft. and increasing at a rate of approximately 2.5% per year thereafter, as follows:

	Per sq.ft./year	Per year	Per month
Year 1 (Jan. 1, 2020 - Dec. 31, 2020):	\$26.00	\$331,604.00	\$27,633.67
Year 2 (Jan. 1, 2021 - Dec. 31, 2021):	\$26.65	\$339,894.10	\$28,324.51
Year 3 (Jan. 1, 2022 - Dec. 31, 2022):	\$27.32	\$348,439.28	\$29,036.61
Year 4 (Jan. 1, 2023 – Dec. 31, 2023):	\$28.00	\$357,112.00	\$29,759.33
Year 5 (Jan. 1, 2024 – Dec. 31, 2024):	\$28.70	\$366,039.80	\$30,503.32
Year 6 (Jan. 1, 2025 - Dec. 31, 2025):	\$29.42	\$375,226.68	\$31,268.56
Year 7 (Jan. 1, 2026 - Dec. 31, 2026):	\$30.15	\$384,533.10	\$32,044.43
Year 8 (Jan. 1, 2027 - Dec. 31, 2027):	\$30.90	\$394,098.60	\$32,841.55
Year 9 (Jan. 1, 2028 - Dec. 31, 2028):	\$31.67	\$403,919.18	\$33,659.93
Year 10 (Jan. 1, 2029 - Dec. 31, 2029):	\$32.46	\$413,994.84	\$34,499.57

Additional Rent:

- a) All applicable HST
- b) Landlord's Insurance
- c) All Utilities and Operating Costs

d) 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 passed to the City as a rent credit or rent adjustment, or such other manner required by the City.

e) The City will maintain and repair the Property at its own cost and expense.

Use: For Health and Welfare Services, community programs, and services ancillary to the foregoing.

Operating Hours: City may conduct business during hours and days as permitted by law, which may be 7 days per week,

24 hours per day. The City is not required to conduct business or occupy the Property, but shall not

abandon the Property and shall maintain insurance coverage as required by the Lease.

Overhold: If, at the expiration of the Term or extension, the Tenant continues to occupy the Premises without

further written agreement, there shall be no tacit renewal or extension of this Lease, and the tenancy of the Tenant thereafter shall be from month to month only, and may be terminated by either party on one (1) month's notice. Rent shall be payable in advance on the first day of each month equal to the Basic Rent paid during the last year of the Term plus a two (2%) percent increase, plus all

Additional Rent charges.

Appendix "A" continued

Terms and Conditions

Fixturing Period: Commencing on the day the Lease is executed by both parties and ending December 31, 2019.

During the Fixturing Period, the tenant will not be responsible for the payment of rent, but shall pay

utilities.

Insurance: The Tenant shall maintain: i) All Risks Insurance on the Property; ii) Comprehensive General

Liability Insurance with coverage for any occurrence of not less than five million dollars (\$5,000,000); iii) When applicable broad form machinery insurance; iv) Business interruption insurance; v) Plate glass insurance; vi) Other forms of insurance as may be reasonably required. Each policy shall

name the Landlord as an additional insured and shall contain a waiver of subrogration.

Indemnity: The Tenant shall indemnify and save harmless the Landlord 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.

Initial Renovations: The Landlord has consented to the leasehold improvements to be completed by the Tenant. All

improvements shall be deemed to belong to the Landlord upon installation. The Tenant will not make

any subsequent improvements to the Property without the Landlord's written consent and the

obtaining of consent could require the review of drawings and specifications.

Removal of

Improvements: At the end of the Term, the City shall not remove the elevator, but if requested by the Landlord, shall

remove leasehold improvements at the City's cost, repair such damage, but shall not be required to

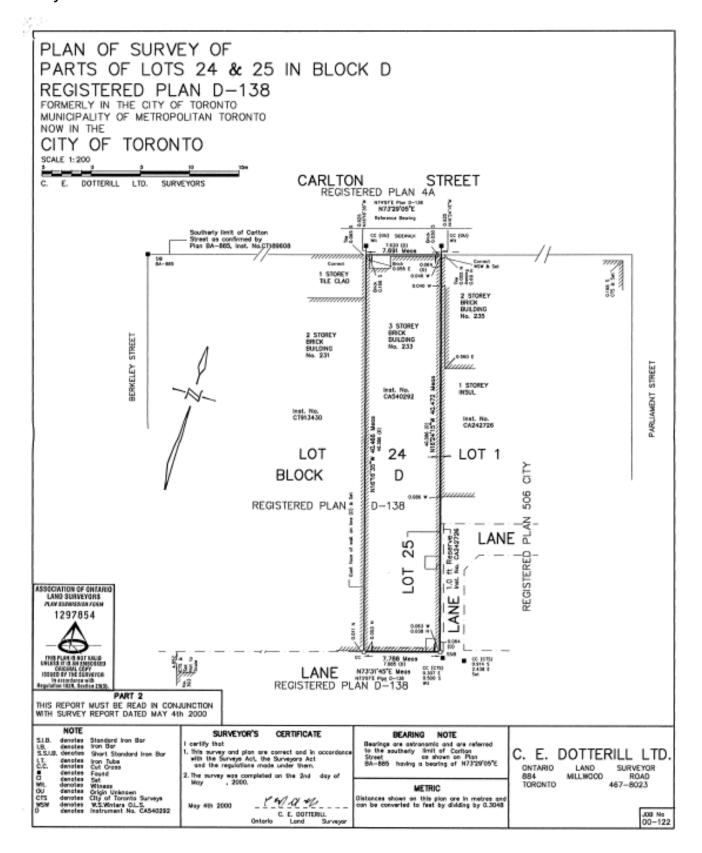
restore the leased premises.

Assignment & Sublet: The Tenant may transfer the Lease without Landlord consent to its agencies, boards, commissions,

City Corporations and community agency or operator, but shall not otherwise transfer the Lease

without the Landlord's prior written consent, not to be unreasonably withheld or delayed.

Survey



Location Map

