

# DELEGATED APPROVAL FORM

CITY MANAGER

TRACKING NO.: 2020-222

Approved pursuant to the Delegated Authority contained in Article 2 of City of Toronto Municipal Code Chapter 213, Real Property

Prepared By:	Patricia Chen	Division:	Corporate Real Estate Management
Date Prepared:	August 13, 2020	Phone No.:	(416) 338 3583

<b>Purpose</b>	To obtain authority for the City of Toronto (the "City"), as tenant, to enter into a lease amendment and extension (the "Amending Agreement") with Silver Hotel (Bond Place) Inc. (the "Landlord"), for the use of The Bond Hotel, located at 65 Dundas Street East, Toronto (the "Hotel"), for the purpose of a temporary shelter.
<b>Property</b>	A minimum of 200 room units and up to maximum of 285 room units at The Bond Hotel located at the property municipally known as 65 Dundas Street East, City of Toronto (the "Property") and as shown on the Location Map in Appendix "B".
<b>Actions</b>	<ol style="list-style-type: none"> <li>Authority be granted to enter into the Amending Agreement for a term of seven (7) months and two (2) days commencing on September 29, 2020 and expiring on April 30, 2021, substantially on the major terms and conditions set out in Appendix "A", and including such other terms and conditions as may be deemed appropriate by the City Manager ("CM") and in a form acceptable to the City Solicitor.</li> </ol>
<b>Financial Impact</b>	<p>The following costs will be incurred by the City in connection with the Amending Agreement:</p> <p>Effective August 29<sup>th</sup>, 2020, there will be an increase to the room rate from \$80/room (plus HST) to \$100/room (plus HST) to account for extra services to be provided by the Landlord and to set the minimum room commitment to 200 room units with the ability to increase or decrease the room units at the City's discretion.</p> <ol style="list-style-type: none"> <li>Under the minimum room count of 200 rooms, the monthly gross rent would be approximately \$600,000.00 (plus HST), or \$610,560.00 (net of HST Recoveries), payable in monthly installments for a total gross rent of \$4,900,000.00 (plus HST), or \$4,986,240.00 (net of HST recoveries).</li> <li>Under the maximum room count of 285 rooms, the monthly gross rent would be approximately \$855,000.00 (plus HST), or \$870,048.00 (net of HST Recoveries), payable in monthly installments for a total gross rent of \$6,982,500.00 (plus HST), or \$7,105,392.00 (net of HST recoveries).</li> </ol> <p>The expenditures outlined above reflect COVID-19 related financial impacts which are being tracked and monitored corporately. The immediate and short-term impacts will be funded by leveraging and/or redirecting federal/provincial funding with longer term financial impacts anticipated to be funded from the COVID-19 recovery fund.</p> <p>The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with the financial impact information.</p>
<b>Comments</b>	<p>As a result of the COVID-19 pandemic and the City of Toronto's state of emergency the City is experiencing an unprecedented demand for shelter and respite services for its residents.</p> <p>The City is currently leasing the entire Property, comprised of 285 rooms pursuant to the original signed lease proposal letter dated April 26, 2020 (the "Offer") which was entered into under the authority of DAF Tracking No. 2020-112 dated April 26, 2020. Pursuant to the Offer, the City leased the Property for a term of three (3) months commencing on April 29, 2020 and expiring on July 28, 2020, with three (3) consecutive month-to-month options to extend for a total of three additional months. The City exercised the first two (2) monthly options to extend by letters dated June 25, 2020 and July 28, 2020, with the current term expiring on September 28, 2020. The Offer, as amended by the letters dated June 25, 2020 and July 28, 2020, are collectively referred to as the "Lease". In lieu of the third (3<sup>rd</sup>) monthly option to extend, the City is proposing to extend and amend the Offer in accordance with the terms set out in Appendix "A".</p> <p>The Property consists of 285 rooms in an 18 floor hotel building. The Property will continue be used as a hotel to provide temporary accommodations for shelter clients to meet the needs of physical distancing, isolation and/or recovery of shelter clients and other shelter needs. The facility will be operated by a service provider(s) deemed appropriate by SSHA.</p> <p>In light of the current state of Toronto within the COVID-19 environment as of late July 2020, SSHA's requirements for the number of room units have since decreased from 285 to 200. However, as clientele needs fluctuate, SSHA will have the option to increase the number of room units to be used upon 7 days' prior written notice.</p> <p>SSHA has approved this proposed Amending Agreement and confirmed that the amended terms and conditions are fair, reasonable and aligned with the service needs required to support the City's response efforts to the COVID-19 pandemic. Real Estate staff consider the terms and conditions of this proposed Lease to be fair and reasonable and reflective of market rates.</p>
<b>Terms</b>	Refer to Appendix "A" for the amendments to the applicable terms and conditions of the Lease.

<b>Property Details</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"><b>Ward:</b></td> <td>13 - Toronto Centre</td> </tr> <tr> <td><b>Assessment Roll No.:</b></td> <td></td> </tr> <tr> <td><b>Approximate Size:</b></td> <td></td> </tr> <tr> <td><b>Approximate Area:</b></td> <td></td> </tr> <tr> <td><b>Other Information:</b></td> <td></td> </tr> </table>	<b>Ward:</b>	13 - Toronto Centre	<b>Assessment Roll No.:</b>		<b>Approximate Size:</b>		<b>Approximate Area:</b>		<b>Other Information:</b>	
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<b>Other Information:</b>											

A.	City Manager has approval authority for:
1. Acquisitions:	<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 \$10 Million.
3. Issuance of RFPs/REOIs:	<b>Delegated to less senior positions.</b>
4. Permanent Highway Closures:	<b>Delegated to less senior positions.</b>
5. Transfer of Operational Management to Divisions, Agencies and Corporations:	<b>Delegated to less senior positions.</b>
6. Limiting Distance Agreements:	<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 \$10 Million.
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:	<b>Delegated to less senior positions.</b>
9. Leases/Licences (City as Landlord/Licensor):	<input type="checkbox"/> Where total compensation (including options/ renewals) does not exceed \$10 Million. <b>Leases/licences for periods up to 12 months at less than market value delegated to less senior positions.</b> <b>Leases pursuant to the Community Space Tenancy Policy delegated to a less senior position.</b>
10. Leases/Licences (City as Tenant/Licensee):	<input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> Where total compensation does not exceed \$10 Million. <b>Nominal sum easements to pre-existing utilities when closing roads delegated to less senior positions.</b>
12. Easements (City as Grantee):	<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)).
14. Miscellaneous:	<b>Delegated to less senior positions.</b>

B. City Manager has signing authority on behalf of the City for:
<ul style="list-style-type: none"> <li>Documents required to implement matters for which this position also has delegated approval authority.</li> </ul>

Pre-Condition to Approval	
<input checked="" type="checkbox"/>	Complies with General Conditions in Appendix B of City of Toronto Municipal Code Chapter 213, Real Property
Consultation with Councillor(s)	
Councillor:	Kristyn Wong-Tam
Contact Name:	
Contacted by:	Phone E-Mail Memo Other
Comments:	
Consultation with Divisions and/or Agencies	
Division:	Shelter, Support & Housing Administration
Contact Name:	Justin Lewis
Comments:	
Division:	<b>Financial Planning</b>
Contact Name:	Patricia Libardo
Comments:	August 20, 2020
Legal Services Division Contact	
Contact Name:	<b>Shirley Chow</b>

DAF Tracking No.: 2020-222	Date	Signature
Recommended by: Manager, Real Estate Services	Aug. 26, 2020	Signed by Daran Somas
Recommended by: Director, Real Estate Services	Aug. 30, 2020	Signed by Alison Folosea
<input checked="" type="checkbox"/> Recommended by: <b>Executive Director, Corporate Real Estate Management Patrick Matozzo</b>	<b>Aug. 30, 2020</b>	Signed by Patrick Matozzo
<input checked="" type="checkbox"/> Recommended by: <b>Deputy City Manager, Corporate Services Josie Scioli</b>	<b>Aug. 30, 2020</b>	Signed by Josie Scioli
<input checked="" type="checkbox"/> Approved by: <b>City Manager Chris Murray</b>	<b>Sept. 1, 2020</b>	Signed by Chis Murray

## Appendix "A" Amended Major Terms and Conditions

Landlord: Silver Hotel (Bond Place) Inc.

Premises: Effective as of August 29, 2020, the City will lease a minimum of 200 room units, up to a maximum of 285 room units in The Bond Hotel, along with meeting rooms in B1 level (available after Landlord's storage requirements are met) (including the meeting rooms) at 65 Dundas Street East, Toronto.

Room Commitment: Effective as of August 29, 2020, a minimum of 200 rooms, with the option for the City to increase the number of rooms required by the City up to a maximum of 285 rooms upon 7 days' prior written notice to the Landlord. In the event that the City exercises this option to increase the number of rooms leased, the City shall also have the right to subsequently decrease the number of rooms leased, upon 7 days' prior written notice to the Landlord; provided that in no event will the number of rooms leased be less than 200.

Gross Rent: Effective as of August 29, 2020, the daily room rate will increase to \$100.00/room/night, being \$20,000.00 (plus HST) per day assuming 200 rooms and up to \$28,500.00 (plus HST) per day if the entire Hotel is leased. The daily room rate is increased to account for the Landlord taking on the custodial, housekeeping and laundry services for the Premises.

Term Extension: In lieu of the third (3<sup>rd</sup>) monthly extension provided for in the Lease, the term will be extended for seven (7) months and two (2) days, commencing on September 29, 2020 and ending on April 30, 2021.

Landlord's Responsibilities: Effective as of August 29, 2020, custodial, housekeeping, and laundry services for the Premises to be performed by the Landlord.

City's Responsibilities: Security will accompany the Landlord's housekeeping staff as reasonably requested by the Landlord, when conducting housekeeping-related duties.

Other Amendments:

(i) Occupancy - Provided that the physical distancing obligations are being maintained, the City shall be permitted to place occupants into rooms in accordance with the Hotel's current approved fire safety plans and/or in accordance with the number of persons ordinarily permitted to occupy a room based on the type of room, as the case may be.

(ii) Fire and Life Safety Systems - The Landlord shall ensure all life safety systems and records are up to date and remain in compliance with the Ontario Fire Code, and the Landlord agrees to immediately notify the City if it becomes aware of any such non-compliance. In the event that occupancy approval is not granted, a Notice of Violation or Inspection Order is issued at any time by any governing body, including but not limited to Toronto Buildings and Toronto Fire Services, the City shall have the right to abate the Gross Rent for the period of time during which the infraction exists and until all deficiencies are rectified. The abatement will only apply to the extent and for the duration that the City actually vacates the Premises and will not apply to that portion of the Premises that the City continues to use, and the abatement will not apply if the deficiency is caused by the City or its employees, servant, agents, service providers/community operators, consultants, contractors or shelter clients. The Landlord shall use its best efforts to ensure that any outstanding violation(s) is/are rectified in a timely manner.

(iii) Elevator Maintenance, Repair, and Replacement –The Landlord will retain an elevator service agreement to ensure elevator issues are addressed on a timely basis. In the event that any of the elevators are not operational, the City shall notify the Landlord. Should all elevators be out of service for an extended period of time, preventing the City from using rooms on upper floors that would be difficult to access by stairs, the Landlord and the City will review and mutually agree on rent abatement if appropriate. The abatement will only apply to the extent and for the duration that the City is prevented from using the rooms leased, and the abatement will not apply if the deficiency is caused by the City or its employees, servant, agents, service providers/community operators, consultants, contractors or shelter clients (a "City Deficiency"). Normal wear and tear shall not be considered a City Deficiency. The Landlord shall use its best efforts to ensure that any deficiency(ies) is/are rectified in a timely manner.

(iv) Restoration of Premises – After the end of the Term, the City will determine the City's estimated cost to restore the Premises, and the City will have the option of restoring the Premises or paying out the Landlord the cost to restore the Premises in lieu of restoring the Premise, provided that in the latter case, the Landlord is agreeable to accepting the payout amount. In the event that the City wishes to make payment to the Landlord in lieu of restoring the Premises, the City will notify the Landlord of the City's estimated cost to restore the Premises, and the Landlord may elect to be paid out the amount of restoration obligations as per the City's estimate (the "Restoration Costs"), in lieu of the City fulfilling its restoration obligations pursuant to this Section. The Landlord will notify the City within two (2) business days of receipt of the Restoration Costs whether or not the Landlord elects to be paid out Restoration Costs. In the event that the Landlord fails to

notify the Tenant of the Landlord's election within the said two (2) business days, the Landlord's right to elect shall be null and void, and the City shall proceed to restore the Premises as set out in this Section. If the Landlord elects not to accept the Restoration Costs, the City shall be required to restore the Premises as set out in this Section. The City shall not be required to pay the applicable Gross Rent for the period of time required to complete the restoration of the Premises during the said two (2) business day election period.

(iv) Catering Service – In the event that the catering service is not satisfactory to the City, the City will provide written notice to the Landlord of such deficiencies, and provide a period of up to two (2) weeks to rectify the deficiencies to the City's satisfaction; failing which the City shall have the right to terminate the catering service upon not less than seven (7) days' prior written notice to the Landlord. The Landlord can terminate the catering service upon 30 days' prior written notice to the City. To facilitate the delivery of the catering service, if required by the City, the Landlord shall enter into a catering service agreement with the City, on the City's standard form.

Effective Date: Amendment shall have effect on the date that it is fully executed by both parties, except as otherwise set out herein.

Option to Extend: None

All other existing terms and conditions of the Lease are to remain the same.



### Appendix "B" Location Map

