

DELEGATED APPROVAL FORM
DEPUTY CITY MANAGER, CORPORATE SERVICES
EXECUTIVE DIRECTOR, CORPORATE REAL ESTATE MANAGEMENT

TRACKING NO.: 2020-243

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:	September 15, 2020	Phone No.:	(416) 338 3583

Purpose	To obtain authority for the City of Toronto (the "City"), as tenant, to enter into a lease amendment and extension (the "Amending Agreement") with 1310866 Ontario Limited – Strathcona Hotel (the "Landlord"), for the use of The Strathcona Hotel, located at 60 York Street, Toronto (the "Hotel"), for the purpose of a temporary shelter.
Property	194 room units at Strathcona Hotel located at the property municipally known as 60 York Street, City of Toronto (the "Property") and on the Location Map in Appendix "B".
Actions	1. Authority be granted to enter into the Amending Agreement for a term of six (6) months and twenty-two (22) days commencing on October 10, 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 Deputy City Manager, Corporate Services ("DCM") and in a form acceptable to the City Solicitor.
Financial Impact	<p>The following costs will be incurred by the City in connection with the Amending Agreement:</p> <p>The room rates will continue to be charged to the City at a rate of \$100/room (plus HST). The monthly gross rent would be approximately \$582,000.00 (plus HST), or \$592,243.20 (net of HST Recoveries), payable in monthly installments for a total gross rent of \$3,938,200.00 (plus HST), or \$4,007,512.32 (net of HST recoveries).</p> <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. The costs will be funded from cost centre HS100X.</p> <p>The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with the financial implications as identified in the Financial Impact section.</p>
Comments	<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 pursuant to the original signed lease proposal letter dated April 10, 2020 (the "Offer") which was entered into under the authority of DAF Tracking No. 2020-104 dated April 10, 2020. Pursuant to the Offer, the City leased the Property for a term of three (3) months commencing on April 10, 2020 and expiring on July 9, 2020, with automatic extensions on a month-to-month basis for up to an additional three (3) month, expiring on October 9, 2020. 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 194 rooms in a 14-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>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 Amending Agreement to be fair and reasonable and reflective of market rates.</p>
Terms	Refer to Appendix "A" for the amendments to the applicable terms and conditions of the Amending Agreement.

Property Details	Ward:	10 – Spadina – Fort York
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	
	Other Information:	

A.	Executive Director, Corporate Real Estate Management has approval authority for:	Deputy City Manager, Corporate Services has approval authority for:
1. Acquisitions:	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.
2. Expropriations:	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$3 Million.	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.
3. Issuance of RFPs/REOIs:	<input type="checkbox"/> Issuance of RFPs/REOIs.	<input type="checkbox"/> Issuance of RFPs/REOIs.
4. Permanent Highway Closures:	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.
5. Transfer of Operational Management to Divisions, Agencies and Corporations:	<input type="checkbox"/> Transfer of Operational Management to Divisions, Agencies and Corporations.	<input type="checkbox"/> Transfer of Operational Management to Divisions, Agencies and Corporations.
6. Limiting Distance Agreements:	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.
7. Disposals (including Leases of 21 years or more):	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 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.	<input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.
9. Leases/Licences (City as Landlord/Licensor):	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$3 Million.	<input checked="" type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$5 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.	<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 more 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, as amended from time to time.
10. Leases/Licences (City as Tenant/Licensee):	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> (a) Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> (a) Where total compensation does not exceed \$5 Million.
	<input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.	<input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.
12. Easements (City as Grantee):	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 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	<input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences
	<input type="checkbox"/> (b) Releases/Discharges	<input type="checkbox"/> (b) Releases/Discharges
	<input type="checkbox"/> (c) Surrenders/Abandonments	<input type="checkbox"/> (c) Surrenders/Abandonments
	<input type="checkbox"/> (d) Enforcements/Terminations	<input type="checkbox"/> (d) Enforcements/Terminations
	<input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppel Certificates	<input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppel Certificates
	<input type="checkbox"/> (f) Objections/Waivers/Cautions	<input type="checkbox"/> (f) Objections/Waivers/Cautions
	<input type="checkbox"/> (g) Notices of Lease and Sublease	<input type="checkbox"/> (g) Notices of Lease and Sublease
	<input type="checkbox"/> (h) Consent to regulatory applications by City, as owner	<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"/> (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"/> (j) Documentation relating to Land Titles applications
	<input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds	<input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds

B. Deputy City Manager, Corporate Services and Executive Director, Corporate Real Estate Management each has signing authority on behalf of the City for:

- Documents required to implement matters for which each position also has delegated approval authority.
- 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.
- Community Space Tenancy Leases approved by delegated authority by the Deputy City Manager, Corporate Services and any related documents.

Pre-Condition to Approval

Complies with General Conditions in Appendix B of City of Toronto Municipal Code Chapter 213, Real Property

Consultation with Councillor(s)

Councillor:	Councillor Joe Cressy					Councillor:					
Contact Name:						Contact Name:					
Contacted by:	Phone	<input checked="" type="checkbox"/>	E-Mail	Memo	Other	Contacted by:	Phone		E-mail	Memo	Other
Comments:	No objections – Sept 17 th , 2020					Comments:					

Consultation with Divisions and/or Agencies

Division:	Shelter, Support & Housing Administration	Division:	Financial Planning
Contact Name:	Loretta Ramadhin	Contact Name:	Patricia Libardo
Comments:	No objections – Sept 18 th , 2020	Comments:	No objections – Sept 23 rd , 2020

Legal Services Division Contact

Contact Name:	Shirley Chow
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DAF Tracking No.: 2020-243	Date	Signature
Recommended by: Manager, Real Estate Services	Sept. 24, 2020	Signed by Daran Somas
Recommended by: Director, Real Estate Services	Sept. 25, 2020	Signed by Alison Folosea
<input checked="" type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management	Sept. 25, 2020	Signed by Patrick Matozzo
<input type="checkbox"/> Approved by: Patrick Matozzo		
<input checked="" type="checkbox"/> Approved by: Deputy City Manager, Corporate Services Josie Scioli	Sept. 25, 2020	Signed by Josie Scioli

Appendix "A"
Amended Major Terms and Conditions

Landlord: 1310866 Ontario Limited – Strathcona Hotel

Premises: 194 room units in the Strathcona Hotel (including the meeting room on the main floor) at 60 York Street, Toronto

Rent: \$100.00/room/night, being \$19,400.00 (plus HST) as the daily cost or \$582,000.00 per month per annum, payable in monthly installments. Rent is inclusive of realty taxes. The City reserves the right to seek tax relief for the portion of realty tax attributed in the Rent.

Term Extension: the term will be extended for six (6) months and twenty-two (22) days, commencing on October 10, 2020 and ending on April 30, 2021

Early Termination: the Landlord or the City shall both relinquish any previous early termination rights.

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 be responsible for the provision of the fire & life safety systems and related maintenance and monitoring, including provision of the following: (i) Hotel Fire Safety Plan document and (ii) Inspection reports for all Fire and Life Safety Systems as required by the Ontario Fire Code.

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 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 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. The costs to be charged for the catering services shall be invoiced by the Landlord to the City, at the end of each month during the Term, with such invoice to contain such details as required by the City. The City shall pay Landlord's invoice within thirty (30) days after receipt of the invoice. In the event of any discrepancies in the invoice, the Landlord and the City shall reconcile all invoices and agree to re-adjust any items on the invoice and any items omitted by error, if necessary, forthwith upon demand. All payments associated with the catering service will be paid to the Novotel Toronto Centre. 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

