

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:	January 27 <sup>th</sup> , 2021	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 (the "Lease") with Silver Hotels (Vancouver) Ltd. (the "Landlord"), for the purpose of a temporary shelter at the hotel located at 45 The Esplanade (the "Hotel").
<b>Property</b>	A minimum of 205 room units and up to a maximum of 254 room units with the option to lease up to 2 boardrooms at the hotel (the "Premises") located at the property municipally known as 45 The Esplanade, City of Toronto and on the Location Map in Appendix "B".
<b>Actions</b>	<ol style="list-style-type: none"> <li>Authority be granted to enter into the Lease with the Landlord to lease the Premises, 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 are estimated to be incurred by the City in connection with the Lease, and will be dependent upon whether the City occupies the minimum room commitment of 205 room units, or elects, at the City's discretion, to increase the number of rooms to a maximum of 254 room:</p> <ol style="list-style-type: none"> <li>Under the minimum room count of 205 room units and 0 boardrooms, the monthly gross rent would be approximately \$615,000.00 (plus HST), or \$625,824.00 (net of HST recoveries), payable in monthly installments for a total gross rent of \$6,539,500.00 (plus HST), or \$6,654,595.20 (net of HST recoveries) for the term.</li> <li>Under the maximum room count of 254 room units, the monthly gross rent would be approximately \$766,800.00 (plus HST), or \$780,295.68 (net of HST recoveries), payable in monthly installments for a total gross rent of \$8,153,640.00 (plus HST), or \$8,297,144.06 (net of HST recoveries) for the term.</li> </ol> <p>In addition to the above costs, the City also has the ability to lease up to 2 boardrooms at a cost of \$80 per day per boardroom, on an as-needed basis.</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. Funding for the expenditures outlined above have been referred to the City's annual budget process and have been included in the 2021 Operating Budget Submission for Shelter, Support &amp; Housing Administration under cost centre HS100X for Council consideration.</p> <p>The Chief Financial Officer and Treasurer has been provided the financial impacts associated with this program for review as part of the 2021 budget process.</p>
<b>Comments</b>	<p>As a result of the COVID-19 pandemic, the City is experiencing an unprecedented demand for shelter and respite services for its residents. This Premises was chosen as the optimal location to meet the requirements of Shelter, Support, and Housing Administration ("SSHA").</p> <p>The Premises consists of up to 254 available rooms in a 9-floor hotel building. The Premises will be used as a temporary shelter. The facility will be operated by a service provider(s) as deemed appropriate by SSHA.</p> <p>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, up to the maximum of 254 rooms; as well as the corresponding right to decrease the number of rooms used down to the minimum room commitment of 205 rooms, upon 7 days' prior written notice.</p> <p>At its meeting of June 26, 27, 28 and 29, 2018, City Council adopted CD29.8, authorizing the General Manager of SSHA to enter into new or amend existing agreements to open and operate shelters, as outlined in the 2019 Shelter Infrastructure Plan.</p> <p>SSHA has confirmed that the 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 Services staff consider the terms and conditions of this proposed Lease to be fair, reasonable and reflective of market rates.</p>
<b>Terms</b>	Refer to Appendix "A" for the applicable terms and conditions of the Lease.

<b>Property Details</b>	<b>Ward:</b>	10 – Spadina-Fort York
	<b>Assessment Roll No.:</b>	
	<b>Approximate Size:</b>	
	<b>Approximate Area:</b>	
	<b>Other Information:</b>	

A.	City Manager has approval authority for:
1. Acquisitions:	<input type="checkbox"/> Where total compensation does not exceed \$10 Million.
2A. Expropriations Where City is Expropriating Authority:	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.
2B. Expropriations For Transit-Related Purposes Where City is Property Owner or Has Interest in Property Being Expropriated:	<input type="checkbox"/> (a) Acceptance of statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.
3. Issuance of RFPs/REOIs:	<b>Request/waive hearings of necessity 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: Joe Cressy	Councillor:
Contact Name:	Contact Name:
Contacted by: Phone E-Mail Memo Other	Contacted by: Phone E-mail Memo Other
Comments:	Comments:

Consultation with Divisions and/or Agencies	
Division: Shelter, Support, and Housing Administration	Division: <b>Financial Planning</b>
Contact Name: Loretta Ramadhin	Contact Name: Patricia Libardo
Comments: Comments incorporated – Jan 28 <sup>th</sup> , 2021	Comments: No objections – Jan 29 <sup>th</sup> , 2021

Legal Services Division Contact
Contact Name: Shirley Chow

DAF Tracking No.: 2021-045	Date	Signature
Recommended by: Acting Manager, Real Estate Services: Van Hua	Feb. 2, 2021	Signed by Van Hua
Recommended by: Director, Real Estate Services: Alison Folosea	Feb. 2, 2021	Signed by Alison Folosea
<input checked="" type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management Patrick Matozzo	Feb. 2, 2021	Signed by Patrick Matozzo
<input checked="" type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services Josie Scioli	Feb. 2, 2021	Signed by Josie Scioli
<input checked="" type="checkbox"/> Approved by: City Manager Chris Murray	Feb. 3, 2021	Signed by Chris Murray

## Appendix "A" Major Terms and Conditions

Landlord: Silver Hotels (Vancouver) Ltd.

Premises: The City will lease a minimum of 205 rooms, up to a maximum of 254 room units in the Hotel, along with the option to lease two boardrooms on the second floor of the hotel at 45 The Esplanade, Toronto.

Room Commitment: A minimum of 205 rooms, with the option for the City to increase the number of rooms required by the City up to a maximum of 254 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 205. Additionally, the City has the option to lease 2 boardrooms, on an as needed basis, upon 7 days' prior written notice to the Landlord.

Gross Rent: \$20,500.00 (plus HST) per day assuming 205 rooms and up to \$25,400.00 (plus HST) per day if 254 rooms are leased. At the City's discretion, the City may lease up to 2 boardrooms for \$80/day/boardroom (plus HST), which fee will be waived during any period of time that the City leases 254 rooms. Gross rent includes an apportionment of realty taxes. The City reserves the right to seek tax relief for the portion of realty tax attributed in the gross rent.

Additional Costs: All applicable HST.

Term: Ten (10) months and thirteen (13) days, commencing on February 16, 2021 until December 31, 2021 provided that the City has secured approval from Toronto Fire Services ("**TFS**") that the Premises is acceptable to the City for occupancy. In the event that TFS approval is not secured by February 16, 2021, the parties agree that the Commencement Date shall be delayed to such a date upon which TFS approval is secured and the Term revised accordingly.

Early Termination: No option to terminate early.

Option to Extend: No option to extend.

Permitted Use: For the purpose of allowing the City to operate a temporary shelter. The City may engage with a third party provider to operate the Premises. The Hotel is a 100% smoke free facility. Smoking is only permitted outside the building at the regulation distance. The City will enforce this policy.

City Obligations: The City will be responsible for security, biohazard waste disposal and related costs, and provision of blankets, linens, and mattress protectors for all the beds within the hotel during the term, and all costs related to preparing the building for the City's use including labour and materials. The City will be responsible for any damages to the Premises or additional costs incurred by the Landlord as a result of the City's occupancy of the Premises.

Landlord Obligations: Save and except for Fire, Life and Safety requirements, which are to be complied with by the Landlord at the Landlord's sole expense, the Premises will be provided in an "as-is" condition. The Landlord shall provide the City and its service providers with access to the Premises, on a 24/7 basis, for the duration of the Term. The Landlord will continue to manage the building with property management coverage at the front desk.

The Landlord shall be solely responsible for the operation and maintenance of core operation obligations and building systems within the Hotel, including the provision of the following:

- Electrical power for normal lighting used by the City and domestic hot and cold running water as required for the Permitted Use;
- Standard waste management services;
- Fire & life safety systems and related maintenance and monitoring;
- Elevator maintenance, repair, and replacement;
- Routine pest control services. Unusual services, such as bed bug recovery would be paid by City;
- Building envelope and capital repairs;
- HVAC system capabilities, limitations and maintenance activities on site;
- Access to internet and Wi-Fi for the City's staff, staff of the City's third party service provider, and clients
- Access to cable TV for clients;
- Custodial, housekeeping and laundry services, including weekly room cleaning, room cleaning within 12 hours upon client turnover and custodial/housekeeping services for all common areas and common washrooms in the Hotel; and
- All maintenance, cleaning and repairs required for the general upkeep of the Hotel, including without limitation, all landscaping, prompt removal of all debris, snow and ice removal, from all common areas and facilities of the Hotel, including exterior sidewalks adjacent to the Hotel.

**Additional Services:** the Landlord will provide catering services consisting of 3 meals and 2 snacks for an additional charge of \$30/day/occupant plus HST. 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; a copy of which has been provided to and reviewed by the Landlord.

**Restoration of the Premises:** The City shall, within 30 days following the end of the Term, vacate the Premises, remove any property of any kind brought on the Premises by the City and return the Premises as close as is practicable, to its original condition immediately prior to the Commencement Date, including but not limited to full deep cleaning of the Premises, replacement of damaged FF&E and other damaged property. The City shall pay Rent on the basis of 205 rooms/day for the period of time required to complete the restoration of the 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 City 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.

**Indemnification/Insurance:** The City will provide a \$10,000,000.00 for Commercial General Liability and \$1,000,000.00 for Automobile Liability. City will meet reasonable insurance requirements as established by the Landlord and the Landlord's insurer in the standard form of lease, subject to reasonable amendments as required by the City's Insurance Risk Management. The City agrees to indemnify and save harmless the Landlord from all loss, costs, damages, claims or demands for any act or negligence whatsoever with respect to the Tenant's use of the Premises, including, without limitation, illness of any occupants or employees of the City at the Premises and damage to any property of the Landlord (collectively the "Loss and Costs"), unless such Loss and Costs are caused by the negligence of the Landlord, or those for whom it is responsible at law.

**Pets:** The Landlord will give reasonable efforts to accommodate requests to allow pets in the Hotel to reside with the hotel occupants. Service animals shall be accepted.

**Other Provisions:** Provided that the physical distancing obligations are being maintained, while such requirements are legally required to be 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.



### Appendix "B" Location Map

