

DELEGATED APPROVAL FORM

CITY MANAGER

TRACKING NO.: 2021-020

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

Prepared By:	Myron Menezes	Division:	Corporate Real Estate Management
Date Prepared:	February 3, 2021	Phone No.:	(416) 338-3586

Purpose
To obtain authority for the City of Toronto (the "City"), as tenant, to enter into a lease agreement (the "Lease") with Auberges De Jeunesse Du St-Laurent Inc. (the "Landlord"), for the use of the entire HI Toronto hostel located at 76 Church Street, Toronto for the purpose of a temporary or emergency shelter.

Property
The entire HI Toronto hostel located at the property municipally known as 76 Church Street, City of Toronto (the "Property") and as shown on the Location Map in Appendix "B".

Actions
1. Authority be granted to enter into a Lease with the Landlord to lease of the Property for a term of five (5) years, three (3) months and one (1) day commencing on January 30, 2021 and expiring April 30, 2026, 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 approving authority herein, and in a form acceptable to the City Solicitor.

Financial Impact
The following costs will be incurred by the City in connection with the Lease:
1. Gross Rent: \$120,000.00 (plus HST) per month, or \$122,112.00 (net of HST recoveries), payable in monthly installments throughout the term. Rent for the first month (consisting of the two (2) days for January 30 and 31, 2021) will be pro-rated for the month equating to \$7,741.94 (plus HST), or \$7,878.19 (net of HST recoveries) and be paid along with the rent due on February 1, 2021. The total gross rent for the term is \$7,567,741.94 (plus HST), or \$7,700,934.19 (net of HST recoveries).

Fiscal Year	Term / Period	Total Expenditures (plus HST)	Total Expenditures (net of HST recoveries)
2021	Jan 2021 - Dec 2021	\$1,327,741.94	\$1,351,110.20
2022	Jan 2022 - Dec 2022	\$1,440,000.00	\$1,465,344.00
2023	Jan 2023 - Dec 2023	\$1,440,000.00	\$1,465,344.00
2024	Jan 2024 - Dec 2024	\$1,440,000.00	\$1,465,344.00
2025	Jan 2025 - Dec 2025	\$1,440,000.00	\$1,465,344.00
2026	Jan 2026 - Apr 2026	\$480,000.00	\$488,448.00
Total	Jan 30, 2021 - Apr 30, 2026	\$7,567,741.94	\$7,700,934.20

Comments
Future year expenditures have been referred to the City's annual budget process and has been included as part of the 2021 – 2030 Capital Budget and Plan submission for Shelter, Support & Housing Administration under capital project CHS040-03 for Council consideration. Lease payments will be processed through cost center F03824.
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.

The Property was selected in April 2020 as part of the City's response to the COVID-19 pandemic. Pursuant to DAF Tracking No. 2020-113, the City entered into an offer to lease dated April 28, 2020 (the "Offer") to lease the Property for a term of six (6) months, commencing on April 30, 2020 to October 29, 2020. Pursuant to a letter dated September 24, 2020, the City exercised its option to extend the term for an additional three (3) months from October 30, 2020 to January 29, 2021. Throughout this time, the City has been operating a 55-bed, all gender 24-hour COVID-19 response site at this Property, with appropriate physical distancing measures in place. The Property currently provides shelter service for clients that were shifted from Seaton House.

Transition sites for the George Street Revitalization (GSR) are required for at least 5 years to accommodate the clients who were occupying Seaton House. Due to constraints as a result of the pandemic, and lease term challenges, a couple of the original planned transition sites are no longer viable. As Seaton House clients have already been moved to the Property and the Property is being operated by City staff from Seaton House, the Property was identified as a suitable location if a 5 year lease could be negotiated. The Property does not require any significant renovations for a longer term use.

The Property consists of the entirety of the HI Toronto hostel, including all existing chattels and fixtures. The program at this location is being operated by the City, through staff from Seaton House. Entering into a longer term lease at the Property eliminates the need to move the clients already onsite again to another location. The facility is proposed to continue to be operated by City staff from Seaton House as a GSR transition shelter site until the re-development at George Street is complete.

SSHA has approved this proposed Lease and confirmed that the terms and conditions, including the restoration terms and potential costs, are fair, reasonable and aligned with the service needs required to continue to support the City's response efforts to the COVID-19 pandemic in addition to the GSR transition plan. Real Estate Services staff consider the terms and conditions of this proposed Lease to be fair and reasonable and reflective of market rates.

Terms
Refer to Appendix "A" for the Terms and Conditions.

Property Details	Ward:	13 – Toronto Centre
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	Lot area: 261 m ² ± (2809 ft ² ±)
	Other Information:	Pin: 214010084

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/REOs:	Request/waive hearings of necessity delegated to less senior positions. Delegated to less senior positions.
4. Permanent Highway Closures:	Delegated to less senior positions.
5. Transfer of Operational Management to Divisions, Agencies and Corporations:	Delegated to less senior positions.
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:	Delegated to less senior positions.
9. Leases/Licences (City as Landlord/Licensor):	<input type="checkbox"/> Where total compensation (including options/ renewals) does not exceed \$10 Million. Leases/licences for periods up to 12 months at less than market value delegated to less senior positions. Leases pursuant to the Community Space Tenancy Policy 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 \$10 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> Where total compensation does not exceed \$10 Million. Nominal sum easements to pre-existing utilities when closing roads delegated to less senior positions.
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:	Delegated to less senior positions.

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

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:	Edward LaRusic
Contacted by:	Phone <input checked="" type="checkbox"/> E-Mail <input type="checkbox"/> Memo <input type="checkbox"/> Other <input type="checkbox"/>
Comments:	Notified – January 11, 2021
Consultation with Divisions and/or Agencies	
Division:	Shelter, Support & Housing Administration
Contact Name:	Loretta Ramadhin
Comments:	Comments incorporated – December 16, 2020
Division:	Financial Planning
Contact Name:	Patricia Libardo
Comments:	Comments incorporated – December 16, 2020
Legal Services Division Contact	
Contact Name:	Shirley Chow

DAF Tracking No.: 2021-020	Date	Signature
Recommended by: Manager, Real Estate Services	Feb 3, 2021	Signed By: Daran Somas
Recommended by: Director, Real Estate Services	Feb 9, 2021	Signed By: Alison Folosea
<input checked="" type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management Patrick Matozzo	Feb 10, 2021	Signed By: Patrick Matozzo
<input checked="" type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services Josie Scioli	Feb 12, 2021	Signed By: Josie Scioli
<input checked="" type="checkbox"/> Approved by: City Manager Chris Murray	Feb 15, 2021	Signed By: Chris Murray

Appendix "A" Major Terms and Conditions

Landlord:	Auberges De Jeunesse Du St-Laurent Inc.
Premises:	Entirety of the HI Toronto hostel at 76 Church Street, Toronto, including all existing chattels and fixtures (the "Premises").
Gross Rent:	<p>\$120,000 per month (plus HST), payable on the 1st of each month for the duration of the term. Rent for the first month shall be payable on February 1, 2021 and pro-rated for the remaining days in the month equating to \$7,741.94 (plus HST).</p> <p>Gross Rent is inclusive of realty taxes and any hotel taxes. The City reserves the right to seek tax relief for the portion of realty tax attributed in the Gross Rent.</p>
Additional Costs:	1) All applicable HST.
Term:	Five (5) years, three (3) months and one (1) day, commencing on January 30, 2021 and expiring on April 30, 2026.
Early Termination:	At any time during the term, the City may terminate the Lease with twelve (12) months' prior written notice to the Landlord.
Use:	The Premises shall be solely used for the purposes of a temporary or emergency shelter. The City may engage one or more third party service providers/community operators to operate the Premises in accordance with the Lease, provided that the City shall remain responsible for ensuring compliance with all of its obligations under this Lease.
City Work/Signage:	<p>The City shall be permitted to install/remove temporary/non-permanent equipment or property throughout the Premises as required in accordance with the Permitted Use, including without limitation, the installations of sharps disposal units, hand sanitizer wall pumps, heating and fire alarm covers. The Landlord agrees that the City may dispose of any beds at the Premises that the City deems not required for the operation of the Permitted Use, at the City's sole discretion and at the City's cost.</p> <p>Except as provided above, the City shall not: (i) make any alterations to the Premises, or (ii) install any signage on the Premises, without the Landlord's prior written approval, not to be unreasonably withheld or delayed.</p>
City Obligations:	<p>The City shall continue to be solely responsible for the operation of the Permitted Use within the Premises, including the assignment of rooms, coordinating house cleaning services and coordinating catering. The City is responsible for costs related to preparing the Premises for its Permitted Use.</p> <p>The City will be responsible for providing the following services:</p> <ul style="list-style-type: none"> • all security and supervision of the Premises. The City may retain security services from a licensed security provider at its sole discretion. The City will have access to and use of the Landlord's existing security system; • Public Health and other support services; • costs associated with any charges from Toronto Fire Services or Toronto Paramedic Services for attendance at the Premises as a result of nuisance or malicious false fire alarms, save and except for those arising from a malfunction of the firm alarm system; • custodial, housekeeping and laundry services for the Premises, including provision of soap and shampoo, as needed; minor maintenance of the Premises, such as but not limited to, changing light bulbs and unclogging toilets, provided that any such individual maintenance or repair does not exceed \$250 (any maintenance or repairs exceeding \$250 shall be the responsibility of the Landlord, provided that the maintenance and repair is not necessitated from damage caused by the City, its service provider(s)/community operator(s) or their clients; and • any damages to the Premises or additional costs incurred by the Landlord as a result of the City's occupancy of the Premises, save and except for damages or costs arising from, caused by, or attributable to the Landlord's negligent acts or omissions, and provided that the Landlord immediately reports any damages to the City of which it becomes aware. For greater certainty, the City shall not be responsible for maintenance costs or normal wear and tear, or for any costs attributable to the Landlord's normal hostel operations.
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 continue to otherwise be provided in an "as-is" condition. The Landlord shall continue to provide the City and its service provider(s)/community operator(s), with un-interrupted access to the Premises, on a 24/7 basis, for the duration of the Term including the restoration period. The Landlord shall provide the existing key access software to the City so that it can be accessed and programmed by the City, and the City shall be responsible for programming and managing access keys for the Premises. The Landlord shall continue to be solely responsible for the operation and maintenance of core operation obligations and building systems within the hostel including:

- all utility systems, facilities and the supply of all utilities, including without limitation, fuel, water and electricity such that the Property and Premises are equipped with electrical power for normal lighting used by the City and domestic hot and cold running water as required for the Permitted Use. The Landlord shall supply all utilities to the Property and the Premises. All charges for utilities used by the City in the Premise shall be included in the Rent;
- waste management services and disposal; The City is responsible for placing the appropriate waste disposal containers out for pick-up at such frequency as required by the City or its service provider(s)/community operator(s);
- fire & life safety systems and related maintenance and monitoring, including without limitation the following:
 - Building Fire Safety Plan document must be approved by Toronto Fire Service and reviewed on an annual basis as per section 2.8 of the Ontario Fire Code.
 - Fire & Life Safety systems, as noted below, must be inspected, tested and maintained as per Part 6 of the Ontario Fire Code.
 - fire alarm system
 - emergency lighting/generator
 - fire extinguishers
 - standpipe hose system (if applicable)
 - sprinkler system (if applicable)
 - kitchen suppression system (if applicable)
 - Records of all inspection, testing and maintenance shall be maintained as per Article 1.1.2.1.(1) of the Ontario Fire Code
 - All inspection, testing and maintenance records for the fire and life safety systems shall be provided to the City of Toronto Fire & Life Safety Program Office upon request who may audit the records against code equipment to ensure the safety of the employees and users of the building.
 - If deficiencies are discovered in the reports, the Landlord/property owner will be notified to conduct repairs and address the deficiencies.
 - The Fire & Life Safety Program Office may share the reports with all authorities having jurisdiction;
- elevator maintenance, repair and replacement;
- pest control services;
- building envelope and capital repairs;
- free internet, Wi-Fi, cable TV and phone service (with limited long distance capability) as per the existing installations for the City, its third party service provider(s)/community operator(s) and their respective staff, and clients;
- HVAC system capabilities, limitations and, maintenance activities on site; and
- maintenance cleaning and upkeep of the exterior of the Property including without limitation, all landscaping, prompt removal of all debris, from common areas and facilities of the Property, save and except for snow and ice removal.

The Landlord will provide a property manager at the Hostel or on call to manage the building systems, systems use, and maintenance services provided by the Landlord. The Landlord will provide all necessary personal protective equipment required for the provision of services the Landlord is responsible for.

The Landlord will provide the following services:

- on call staff person 24 hours a day, 7 days a week; and
- use of the laundry machines on an "as is" basis. Repair or replacement of the laundry machines, if required by the City for its usage, as determined in its sole discretion, will be a cost of the City. The City shall not be required to repair or replace the laundry machines at the end of the Term, or earlier termination of this Lease.

Insurance:

The City will maintain:

- (a) Commercial general liability insurance on an occurrence basis, against claims for bodily injury, personal injury and property damage in or about the Premises, contractual liability, tenant's legal liability, non-owned automobile liability, and owner's and contractor's protective liability, in amounts of not less than \$2,000,000.00 in respect of each occurrence. The Landlord is to be added as an additional insured; and
- (b) \$1,000,000.00 for Automobile Liability.

Indemnity:

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 City'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.

Restoration of the Premises:

The City shall within 60 days following the end of Term, vacate the Premises and remove all fixtures, chattels, equipment and personal property (including, without limitation, all bedding and other supplies) brought on the Premises by the City and return the Premises as close as practicable, to its original condition immediately prior to the Commencement Date. The City shall repair any damage caused by such installation or removal, with

reasonable wear and tear excepted. The City shall only be required to pay the applicable Gross Rent for the period of time actually required by the City to complete the restoration of the Premises.

Pets: The Landlord agrees that only normal household pets (such as dogs and cats) shall be allowed in the Premises to reside with the occupants. For greater certainty, birds, vermin, reptiles, amphibians or insects are not permitted in the Premises.

Municipal Capital Facility Agreement:

The Landlord acknowledges that the City has the right, in its discretion, to request the Council of the City of Toronto ("**City Council**") to exempt the Premises from taxation for municipal and school purposes under section 252 of the City of Toronto Act, 2006 and O. Reg. 598/06, both as amended, if the City considers that the Premises will be or are being used as a municipal capital facility. In the event that City Council passes a by-law for such an exemption, the Landlord and the City shall be bound by the terms and conditions of the Municipal Capital Facility Agreement (the "**MCF Agreement**") attached as Schedule "B" as of the date of the by-law coming into force or the date when the term of the Lease commences, whichever is later. The City shall notify the Landlord of the passage of the by-law. The Landlord agrees to pass the full benefit of such exemption on to the City during the entire period of any such exemption, with the City at its option taking such benefit as: (i) a rent credit or rent adjustment, or (ii) such other manner as the City acting reasonably and in the interests of transparency shall require.

Additional Provisions: Smoking is permitted on the rooftop terrace, provided that the City secure all necessary approvals.

Option to Purchase: During the Term, the Landlord agrees to enter into discussions with the City on a non-exclusive basis regarding the potential sale of the Property to the City, and the related business terms.

Right of First Refusal To Purchase:

The City is granted a right of first refusal to purchase the Property (the "ROFR") on the following terms:

- (i) if during the Term, the Landlord receives a bona fide offer to purchase the Property that the Landlord is prepared to accept (the "Acceptable Offer"), then the Landlord shall provide written notice to the City of its intention to sell the Property (the "Offer Notice") and the City shall have 21 calendar days from the date of the Offer Notice, to exercise the City's right to purchase the Property on the terms and conditions contained in the Acceptable Offer;
- (ii) if the City elects to purchase the Property on the terms and conditions contained in the Acceptable Offer, the Landlord shall provide the City an additional 75 calendar days for the City to obtain the approval of the City of Toronto Council, in its sole and absolute discretion, to the purchase of the Property; and
- (iii) this ROFR shall thereafter remain in full force and effect during the balance of the Term of the Lease. If the Acceptable Offer is not completed, this ROFR shall remain in force for any subsequent Acceptable Offer.

Appendix "B"

Location Map

