

DELEGATED APPROVAL FORM

CITY MANAGER

TRACKING NO.: 2021-107

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:	April 7 th , 2021	Phone No.:	(416) 338 3583

Purpose	To obtain authority for the City of Toronto (the "City"), as tenant, to enter into an Offer to Lease (the "Offer") and a lease (the "Lease") with 2179596 ONTARIO INC. (the "Landlord"), for the purpose of a temporary shelter at Travelodge Hotel, located at 20 Milner Business Court.
Property	100-146 room units at Travelodge Hotel located at the property municipally known as 20 Milner Business Court, City of Toronto (the "Property") and on the Location Map in Appendix "B".
Actions	<ol style="list-style-type: none"> Authority be granted to enter into the Offer and Lease with the Landlord to lease the Property for a term of seven (7) months and twenty-two (22) days commencing on May 10, 2021 and expiring on December 31, 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 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 Lease:</p> <ol style="list-style-type: none"> Under 100 room units, the gross rent would be approximately \$300,000.00 per month (exclusive of HST) or \$305,280.00 (net of HST recoveries), payable in monthly installments for a total gross rent of \$2,360,000.00 (exclusive of HST) or \$2,401,536.00 (net of HST recoveries). Under the maximum capacity of 146 room units, the gross rent would be approximately \$438,000.00 (exclusive of HST) or \$445,708.80 (net of HST recoveries), payable in monthly installments for a total gross rent of \$3,445,600.00 (exclusive of HST) or \$3,506,242.56 (net of HST recoveries). Catering costs: \$30/occupant/day; assuming maximum occupancy at 146 rooms, the total cost would be \$1,033,680.00 (exclusive of HST) or \$1,051,872.76 (net of HST recoveries). Up to \$300,000 to compensate the Landlord for any work required outside of the Landlord's responsibilities pertaining to fitting up the space specific to SSHA's requirements. If the City requires a full restoration period of 30 days, whilst leasing the full 146 room units, an additional rent would be payable in the sum of \$438,000.00 (exclusive of HST) or \$445,708.80 (net of HST recoveries). <p>Total financial implications to the City is \$5,217,280 (exclusive of HST) or \$5,309,104 (net of HST recoveries), based on the assumption of maximum capacity of 146 units. Funding is available in the 2021 Council Approved Operating Budget for Shelter, Support and Housing Administration ("SSHA") under account 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>The City is currently experiencing an unprecedented demand for shelter and respite spaces for its residents for the purpose of meeting physical distancing requirements. The Property consists of 146 room units in a 6-floor hotel building. The Property will be used as a temporary shelter to meet the needs of physical distancing obligations, isolation, recovery of the clients, and/or ancillary needs of the City. The facility may be operated by a service provider(s) as deemed appropriate by SSHA.</p> <p>SSHA has approved this proposed Offer and 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 support the City's response efforts to the COVID-19 pandemic.</p> <p>Real Estate staff consider the terms and conditions of this proposed Lease to be fair and reasonable and reflective of market rates.</p>
Terms	Refer to Appendix "A" for the Terms and Conditions.

Property Details	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 35%;">Ward:</td> <td>23 – Scarborough North</td> </tr> <tr> <td>Assessment Roll No.:</td> <td></td> </tr> <tr> <td>Approximate Size:</td> <td></td> </tr> <tr> <td>Approximate Area:</td> <td></td> </tr> <tr> <td>Other Information:</td> <td></td> </tr> </table>	Ward:	23 – Scarborough North	Assessment Roll No.:		Approximate Size:		Approximate Area:		Other Information:	
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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.
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:

- Documents required to implement matters for which this position also has delegated approval authority.

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:	Cynthia Lai	Councillor:	
Contact Name:	Jim Murphy	Contact Name:	
Contacted by:	X Phone E-Mail Memo Other	Contacted by:	Phone E-mail Memo Other
Comments:	No objections – April 6, 2021	Comments:	

Consultation with Divisions and/or Agencies

Division:	Shelter, Support & Housing Administration	Division:	Financial Planning
Contact Name:	Loretta Ramadhin	Contact Name:	Patricia Libardo
Comments:	Comments incorporated – April 7, 2021	Comments:	Comments incorporated – April 8, 2021

Legal Services Division Contact

Contact Name:	Dale Mellor – April 8, 2021
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DAF Tracking No.: 2021-107	Date	Signature
Recommended by: Director, Real Estate Services: Alison Folosea	April 12, 2021	Signed by Alison Folosea
<input checked="" type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management Patrick Matozzo	April 12, 2021	Signed by Patrick Matozzo
<input checked="" type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services Josie Scioli	April 12, 2021	Signed by Josie Scioli
<input checked="" type="checkbox"/> Approved by: City Manager Chris Murray	April 12, 2021	Signed by Chris Murray

Appendix "A"
Major Terms and Conditions

- Landlord:** 2179596 ONTARIO INC.
- Premises:** 100-146 room units and 2 meeting rooms in the Travelodge Hotel at 20 Milner Business Court, Toronto. The City will have access to the common area, administration and storage rooms on the ground floor, the laundry, and the hotel rooms located on Floors 2 to 6 of the Travelodge Hotel. The City will have no access to the existing management offices, pool or fitness facilities.
- Room Rate:** \$100.00/room/night, being \$10,000.00 per day for 100 room units or approximately \$300,000.00 per month, payable in monthly installments for the term. The City may also increase the room units to 146 should the current clientele depart, which would then be the same daily rate, being \$14,600.00 per day or approximately \$438,000.00 per month.
- Fees for the gross room rate are inclusive of realty taxes. The City reserves the right to seek tax relief for the portion of realty tax attributed in the gross room rate.
- Catering:** The City shall have the option to engage the Landlord's third party catering supplier, 2574834 Ontario Inc. (operating as Stag's Head Bar & Grill) to provide catering services, which cost will be in addition to the Rent. The catering will consist of 3 meals and 2 snacks for an additional charge of \$30/day/occupant. The City will enter into a catering service agreement with the food service provider on the City's standard form.
- Additional Costs:** 1) All applicable HST; and
2) Up to a maximum of \$300k for preparing the property for the Permitted Use, where at the request of the City, the Landlord undertakes the City's Responsibilities and charges back for the same.
- Fixturing Period:** The Landlord shall provide the City with an early access period from April 13, 2021 to May 9, 2021 on a rent free basis to prepare for the administration and security of the program, including the provision for a video capture of the premises prior to occupancy by the City (Landlord to be provided copy for its records).
- Term:** Seven (7) months and twenty-two (22) days, commencing on May 10th, 2021 and expiring on December 31st, 2021, provided that the City has secured approval from Toronto Fire Services ("TFS") that the building is acceptable to SSHA for occupancy. If TFS approval is not secured by May 10th, 2021, the Commencement Date shall be delayed to such a date upon which TFS approval is secured.
- Use:** The Premises shall be solely used for hotel purposes to provide accommodation for shelter clients, including overnight accommodations to meet the needs of physical distancing obligations, isolation, recovery of shelter clients, or other ancillary needs. The Property will be operated by a service provider/community operator at the City's discretion.
- City Obligations:** The City will be responsible for all costs related to preparing the building for the Permitted Use including labor and materials, mattress protectors, security (at the City's discretion), and biohazard waste disposal
- The City will have the right to run any shelter-related programs in the Premises as long as the programs take place in the meeting rooms for clients occupying the Premises.
- Landlord Obligations:** The Landlord shall provide the City and its service provider(s)/community operator(s), with access to the Premises, on a 24/7 basis, for the duration of the Term. The Landlord will provide a property manager on call for the building. The Landlord shall be solely responsible for the operation and maintenance of core operation obligations and building systems within the hotel including:
- Electrical power for normal lighting used by the City and domestic hot and cold running water as required for the Permitted Use;
 - Waste management services;
 - Fire and life safety systems and related maintenance and monitoring;
 - Elevator maintenance, repair and replacement;
 - Elevator programming or similar to allow lock off of floors not required by the City during the Term;

- Routine monthly pest control services;
- Building envelope and capital repairs;
- HVAC system capabilities, limitations and maintenance activities on site;
- Access to internet and wifi for the City's staff and staff of the City's third party service provider and clients;
- Custodial, housekeeping and laundry services, including weekly room cleaning, room cleaning upon occupant turnover and custodial/housekeeping services for all common areas and common washrooms in the Premises;
- Provide all necessary personal protective equipment required for the provision of the services it is responsible for;
- Removal of all items from the rooms that are not required for use by the occupants;

The Landlord shall provide a code compliant and partitioned designated smoking area near the front entrance of the hotel adhering to applicable smoking by-law codes.

Insurance:

The City will maintain:

- (a) \$10,000,000.00 for Commercial General Liability; and
- (b) \$1,000,000.00 for Automobile Liability,

The Landlord shall be named as an additional insured on the City's Commercial General Liability Policy.

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 to a pre-use condition, including full property disinfecting, replacement of damaged linens, FF&E and other property. The City shall pay any applicable Rent for the period of time required to complete restoration of the Premises.

Pets:

The Landlord will make reasonable efforts to accommodate requests to allow pets in the Hotel to reside with the hotel occupants. During any part of the term that the City are co-habiting in the Hotel with CP Rail Staff, the Landlord may withdraw its permission for pets to reside in the Hotel on three (3) days' prior notice, but only in the event of excessive noise from such pets. In addition, and notwithstanding the foregoing, service animals will be permitted at all times.

Additional Provisions:

Provided that physical distancing obligations are being maintained, the City shall be permitted to place occupants into rooms in accordance with Travelodge 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

