

# DELEGATED APPROVAL FORM

CITY MANAGER

TRACKING NO.: 2021-117

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 13, 2021	Phone No.:	(416) 338 3583

<b>Purpose</b>	To obtain authority for the City of Toronto (the "City" or the "Tenant"), as tenant, to enter into a lease (the "Lease") with 92 Peter Street Inc. (the "Landlord"), for the purpose of a temporary shelter, to meet the needs of physical distancing, isolate or recovery of shelter clients, at the Hilton Garden Inn Toronto Downtown Hotel, located at 92 Peter Street.
<b>Property</b>	144 room units at Hilton Garden Inn Toronto Downtown Hotel located at the property municipally known as 92 Peter Street, City of Toronto (the "Property") and on the Location Map in Appendix "B".
<b>Actions</b>	1. Authority be granted to enter into the Lease with the Landlord to lease the Property for a term of eight (8) months commencing on May 1, 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.
<b>Financial Impact</b>	<p>The following costs will be incurred by the City in connection with the Lease:</p> <ol style="list-style-type: none"> <li>1. Gross rent of \$14,400 per day (for 144 rooms), being approximately \$432,000 per month (exclusive of HST) or \$439,603.20 (net of HST recoveries), with the first and last months' rent payable upon the commencement date and other subsequent payments to be paid in monthly installments for 8 months for a total gross rent of \$3,528,000.00 (exclusive of HST) or \$3,590,092.80 (net of HST recoveries).</li> <li>2. Rent for the restoration period of up to 120 days, being \$1,728,000.00 (exclusive of HST) or \$1,758,412.80 (net of HST recoveries).</li> <li>3. The replacement costs of mattresses and box springs, including removal/disposal fees and installation of new mattresses and box springs, for up to 144 rooms, being an estimated cost of \$217,066.05 (exclusive of HST) or \$220,886.41 (net of HST recoveries).</li> <li>4. Catering costs at \$30/day per occupant, assuming full occupancy, being \$1,058,400.00 (exclusive of HST) or \$1,077,027.84 (net of HST recoveries).</li> </ol> <p>Total financial implications to the City is \$6,531,466.05 (exclusive of HST) or \$6,646,419.85 (net of HST recoveries), based on the assumption of maximum capacity of 144 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 impact information.</p>
<b>Comments</b>	<p>The City is currently experiencing an unprecedented demand for shelter and respite services for its residents. The Property consists of 244 room units in a 17-floor hotel building, of which 144 rooms are committed to the City. The Property will be used as a temporary shelter to meet the needs of physical distancing obligations, isolation, recovery of shelter clients, and/or ancillary needs of the City. The facility will be operated by a service provider(s) as deemed appropriate by SSHA.</p> <p>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 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>
<b>Terms</b>	Refer to Appendix "A" for the Terms and Conditions.

<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/REOs:	<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
Contact Name:	
Contacted by:	Phone   E-Mail   Memo   Other
Comments:	
Consultation with Divisions and/or Agencies	
Division:	Shelter, Support & Housing Administration
Contact Name:	Sulaiman Safdar
Comments:	No change required – April 13, 2021
Division:	Financial Planning
Contact Name:	Ciro Tarantino
Comments:	No changes required – April 13, 2021
Legal Services Division Contact	
Contact Name:	Soo Kim Lee – April 12, 2021

DAF Tracking No.: 2021-117	Date	Signature
Recommended by: Director, Real Estate Services: Alison Folosea	April 14, 2021	Signed by Alison Folosea
<input checked="" type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management Patrick Matozzo	April 30, 2021	Signed by Patrick Matozzo
<input checked="" type="checkbox"/> Recommended by: Deputy City Manager, Corporate Services Josie Scioli	April 30, 2021	Signed by Josie Scioli
<input checked="" type="checkbox"/> Approved by: City Manager Chris Murray	April 15, 2021	Signed by Chris Murray

**Appendix "A"**  
**Major Terms and Conditions**

Landlord:	92 Peter Street Inc.
Premises:	144 room units and all meeting rooms in the Hilton Garden Inn Toronto Downtown Hotel at 92 Peter Street, Toronto, and new areas to be created for food service (if applicable), and all meeting rooms, together with the non-exclusive right to use the common areas and facilities together with all others entitled thereto. The Premises shall include the common areas, administration and storage rooms on the main floor, 2nd Floor and the hotel rooms located on Floors 3 to 11 of the Premises (16 rooms per floor as shown on the sketch attached hereto as Schedule "A". The Premises does not include any swimming pool or fitness facility.
Rent:	Gross rent of \$100.00 per room per day, being \$14,400.00 per day plus HST for 144 room units or approximately \$432,000.00 per month; the first and last months' rent are payable upon the commencement date and all subsequent rent payments are payable in monthly installments for the eight-month term.
Realty Tax Relief:	<p>The Landlord acknowledges that the Tenant 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. The Landlord agrees to pass the full benefit of such exemption on to the Tenant during the entire period of any such exemption, with the Tenant at its option taking such benefit as: (i) a rent credit, rent adjustment or reimbursement, or (ii) such other manner as the Tenant acting reasonably and in the interests of transparency shall require.</p> <p>The parties acknowledge that the gross rent includes an apportionment of realty taxes.</p>
Additional Services:	The City shall use the Landlord's catering service to provide the following services, which cost will be in addition to the Room Rate: 3 meals and 2 snacks per occupant at \$30/occupant/per day. The City will be responsible for delivering the food to the occupants. The Landlord acknowledges that the number of shelter client occupants will vary throughout the Term. The Tenant shall give the Landlord at least 48 hours prior notice of how many occupants require catering services, throughout the Term.
Additional Costs:	Cost to replace mattresses and box springs for all beds actually used during the Term, in any occupied rooms, plus removal/disposal fees and installation of new mattresses and box springs, estimated to be \$217,066.05, plus HST
Term:	Eight (8) months, commencing on May 1st, 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 not secured by May 1st, 2021, the Commencement Date shall be delayed to such a date upon which TFS approval is secured, and the Term revised accordingly.
Permitted Use:	<p>The Premises shall be solely used for the purposes of a temporary shelter to meet the needs of physical distancing obligations, isolation, recovery of shelter clients. The Property will be operated by one or more service provider(s)/community operator(s) at the City's discretion.</p> <p>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.</p> <p>The Landlord shall provide a code compliant partitioned designated exterior smoking area using part of the front entrance, located on the north-west corner of the front driveway.</p>
City Obligations:	<p>The Tenant shall be solely responsible for the operation of the Permitted Use within the Premises, including the assignment of rooms, coordinating house cleaning services provided by the Landlord and coordinating catering. The Tenant shall be responsible for the following costs and providing the following services:</p> <ul style="list-style-type: none"> <li>• All costs related to preparing the building for the Permitted Use including labour, administration construction management and materials. The Landlord will walk the building with the Tenant and agree on a list of work to complete. The Landlord will complete the work to make the property ready and bill back the costs to the Tenant up to a maximum of</li> </ul>

\$300,000; provided that the Tenant shall first have the option, at its sole discretion, to complete the work required to ready the Premises for its Permitted use.

- Mattress protecters will be provided for all beds being used.
- Security 24/7 from a licensed security provider, at the City's discretion.
- Biohazard waste disposal and related costs.

The Tenant will be responsible for any damages to the Premises or additional costs incurred by the Landlord as a result of the Tenant's occupancy of the Premises, provided that the Landlord immediately reports any damages or costs to the Tenant, provided that such damage is not caused by or as a result of the Landlord or those for whom the Landlord is responsible at law. The Landlord agrees to provide the Tenant with the Landlord's unit pricing for the Tenant's consideration for replacement of damaged chattels and fixtures requiring repair or replacement. Except as expressly set out herein, the Tenant shall not be responsible for routine maintenance or normal wear and tear.

#### 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 Tenant, and its Licenced Service Provider, 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 24/7 coverage at the front desk.

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

- electrical power for normal lighting used by the Tenant 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, including without limitation, the following:
  - Hotel 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 Tenant, and 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.
  - Fire alarm system to be monitored by a ULC-listed monitoring company.

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 Tenant 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 Tenant 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 Tenant actually vacates the Premises and will not apply to that portion of the Premises that the Tenant continues to use, and the abatement will not apply if the deficiency is caused by the Tenant 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.

Access to cable, phone, internet and Wifi shall be provided without charge for the Tenant's staff and staff of the Tenant's third party service provider;

Access to Wifi, cable and phone shall be provided without charge for the City clients. Movie system and long distance will be locked out.

The Landlord shall be responsible for 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.

The Landlord will provide a property manager at the Hotel daily to manage systems use, room allocation and maintenance and housekeeping services provided by the Landlord. The Landlord will provide all necessary personal protective equipment required for the provision of the services it is responsible for.

Insurance:

The City will maintain:

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

Restoration of the Premises:

The Landlord and the Tenant agree to work co-operatively during December 2021 to determine the scope of the restoration work, time frame and costs, based on detailed written quotes from the landlord's contractors, to be reviewed and agreed upon by the Landlord and the City, each acting reasonably. The Landlord shall cause its contractors to diligently and expeditiously complete the restoration work, during which time the City shall pay gross rent for 144 rooms, to a maximum of 120 days.

Pets:

The Landlord will make reasonable efforts to accommodate requests to allow pets in the Premises to reside with the hotel occupants; service animals shall be permitted.



### Appendix "B" Location Map

