



## Exhibition Place

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### Item No. 19

June 17, 2011

To: Board of Governors of Exhibition Place

**ACTION REQUIRED**

From: Dianne Young, Chief Executive Officer

Subject: **City of Toronto Lease – 90 Quebec Street Fire Hall**

#### Summary:

This report recommends a lease with the City of Toronto (City) for Toronto Fire Services (TFS) use of the 90 Quebec Street Fire Hall for a 20-year term commencing October 1, 2011 on the terms and conditions contained in this report. Toronto Fire Services has been in this building primarily for the annual Canadian National Exhibition (CNE) since it was built in 1912 but are now planning to use the station year-round. There has never been a formalized licence agreement entered into between City and the Board regarding the Fire Hall use for the CNE event.

#### **Recommendations:**

**It is recommended that the Board approve of a lease with the City for Toronto Fire Services use of the Fire Hall at 90 Quebec Street for a 20-year term based on the terms and conditions outlined in this report and any other terms that may be required by the Chief Executive Officer and City Solicitor.**

#### Financial Implications and Impact Statement:

While the rental structure proposed for this City lease is only \$1.00, the financial benefit to Exhibition Place is the substantial capital upgrades to this heritage facility of approximately \$1.0M by the City and the removal of any ongoing maintenance and repair costs for this facility from the Exhibition Place Operations budget.

#### Decision History:

In accordance with the Board's Financial By-Law 2-07, any agreement over a one year term must be approved by the Board.

Within the "Relationship Framework for Exhibition Place" approved by the Board of Governors on January 22, 2010 and City Council on April 1, 2010, agreements for a period of more than four years must be approved by City Council in accordance with its agreement with the Board.

#### Issue Background:

The TFS has occupied the Fire Hall located at 90 Quebec Street primarily during the CNE, however with this new lease the TFS will be in full occupation of the Fire Hall year round.

Comments:

The property that has been occupied by the TFS during the CNE is the existing fire hall which forms one portion of the building which consists of two adjoining premises (the other having an address at 275 Manitoba Drive which is occupied by the Toronto Police) (collectively, the "Building"). The property to be leased to the TFS is only the fire hall portion of the Building comprised of approximately 5,500 square feet of area with a street address of 90 Quebec Street. It is proposed that the fire hall will be operated year round and be responsible to support TFS in south Parkdale which includes Exhibition Place and its special events such as Honda Indy, CHIN Picnic, Caribana and the CNE.

It is to the advantage of the Board to have regular activity in 90 Quebec Street throughout the year as a fire hall. Its presence and response time benefits all Exhibition Place events, clients and tenants. In addition, in accordance with the terms of the proposed lease, the TFS will invest approximately \$1.0M in upgrades to the building all in keeping with the buildings Heritage designation. At present, there is no availability of capital dollars to upgrade this building within the Exhibition Place 10-year Capital Program. The lease also provides limitations required by the CNEA and other special events to have a gated site and contemplates the upcoming Pan Am Games in 2015.

Accordingly, for the reasons above, staff recommends that the Board approve a lease with City on the terms and conditions outlined below and any other such terms and conditions as outlined on the Letter of Intent attached as Appendix A and such other terms as directed by the Chief Executive Officer and City Legal Department.

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Submitted by:

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Dianne Young  
Chief Executive Officer

Appendix "A"  
Term Letter for Fire Hall

1. Premises: The premises are located at 90 Quebec Street, Toronto, Ontario being an existing fire hall in a portion of a building which consists of two adjoining premises (the other having an address at 275 Manitoba Drive) (collectively, the "Building") located on the Exhibition Place Lands, comprised of approximately five thousand, five hundred (5,500) square feet of rentable area (the "Premises").
2. Term: The Tenant shall lease the Premises from the Landlord for a term of twenty (20) years.
3. Commencement Date: The Term shall commence on October 1, 2011.
4. Rent Free Period: The Tenant shall have six (6) months commencing on the Commencement Date (the "Fixturing Period") to complete the Tenant's Work and/or conduct business. During the Fixturing Period, no Basic Rent, Additional Rent (other than Utilities or Taxes) shall be payable by the Tenant but all other terms and conditions of the Lease shall apply.
5. Rent: The Tenant shall pay to the Landlord, Basic Net Rent and Additional Rent, both as hereinafter defined:
  - (a) Basic Net Rent of \$1.00 for the Term; and
  - (b) Additional Rent: "Additional Rent" means:
    - (i) all costs of development and renovation/construction of the Premises to be paid by the Tenant to the appropriate and proper parties as contemplated in the Lease Agreement;
    - (ii) all taxes, rates, local improvement rates, duties or assessments which may be levied, rated, charged or assessed against the Premises or any parts thereof, whether real or personal property, by any authority having jurisdiction, and any taxes which may be imposed by such authority on the Board or the Tenant or anyone else with respect to the Premises;
    - (iii) all costs of utilities and supplies for the Premises, including electrical power and all costs of operation, maintenance, replacement and repair of the Premises except as otherwise provided in this Term Letter or in the Lease Agreement;
    - (iv) its proportionate share of costs incurred by the Landlord for expenses and charges incurred in and about the operation and management of the Building and the Premises, except for such costs, expenses and charges which are required to be paid by the Board pursuant to this Term Letter or the Lease Agreement. Without limiting the generality of the foregoing, the Tenant acknowledges that the Building has one fire suppression system which serves both the Premises and the adjoining unit at 275 Manitoba Drive, the costs of which will be allocated by the Landlord between the two units; and
    - (v) any and all sums of money or charges required to be paid by the Tenant under this Term Letter or the Lease Agreement (except for Annual Net Rent) whether or not designated as "Additional Rent" or whether or not payable to the Board or to any other person;
    - (vi) Additional Rent shall be payable in monthly installments, in advance, on the first (1<sup>st</sup>) day of each month of the Term without set off or deduction.
6. Harmonized Sales Tax: The Tenant shall pay to the Landlord any harmonized sales or other goods and services taxes imposed by any governmental authority on the Landlord or the Tenant, based in whole or in part on the Rent payable under the Lease.

7. **Tenant's Work:** The Tenant accepts the Premises in an "as is" condition and agrees that it shall be solely responsible for the cost of construction of any improvements required for the purposes of its use and occupation of the Premises. Without limiting the generality of the foregoing:
- (i) The Tenant, at its expense, shall complete the work in the Premises as outlined in Schedule A (the "Tenant's Work") and in accordance with plans and specifications as prepared by the Tenant and subject to the reasonable and timely approval of the Landlord;
  - (ii) The Tenant shall complete, or cause to be completed, the Tenant's Work in accordance with approved drawings, specifications and budget; and
  - (iii) The Landlord agrees to co-operate and provide assistance to the Tenant, if required, on any requisite governmental approvals including heritage approvals that may be required by the Tenant in order to complete the Tenant's Work.
8. **Tenant Alterations:** The Tenant's Work described in Section 7 above, and all further alterations undertaken by the Tenant throughout the Term, shall be subject to the Landlord's prior written approval of the Tenant's plans and specifications for such work, which shall not be unreasonably withheld, conditioned, or delayed; and to the terms and conditions of the Lease contemplated herein.

The Tenant, at its sole cost and expense, may make such alterations and improvements as the Tenant deems necessary for the conduct of business in the Premises, provided that no alterations shall be made to the structural portions of the Premises or the mechanical, heating, air-conditioning, plumbing and electrical equipment or systems without the consent of the Landlord, which consent shall not be unreasonably withheld.

Notwithstanding the above, throughout the Term the Tenant, at its sole expense, shall have the right to make Cosmetic Alterations, as hereinafter defined, without Landlord's prior written consent.

"Cosmetic Alterations" are minor alterations and improvements that are cosmetic in nature, as the Tenant deems necessary for the conduct of its business in the Premises, provided that no alterations shall be made to the structural portions of the Premises or the mechanical, heating, air-conditioning, plumbing and electrical equipment or systems and are completed at a cost of less than fifty thousand dollars (\$50,000.00) in the aggregate of any such alteration or improvement.

9. **Repairs:** The Tenant shall maintain the Premises in a state of good repair, reasonable wear and tear, and damage by fire, lightning, tempest or other casualty accepted.
10. **Compliance With Collective Agreements At Exhibition Place:**
- (a) The Tenant shall conform with and abide by all covenants and agreements in force and in effect from time to time between the Landlord or the City and any union or association and shall, without restricting the generality of the foregoing:
    - (i) obtain any clearance required by any union or trade organization having any jurisdiction over any of work to be done by the Tenant in Exhibition Place; and
    - (ii) endeavour not to prejudice any relationship between the Landlord or the City and any union or trade organization.
    - (iii) The Landlord shall provide such reasonable information as the Tenant may from time to time require to fulfil its obligation herein.

- (b) Without diminishing its obligation under subsection (a) above, the Tenant acknowledges its awareness of collective agreements between the Landlord, and:
- (i) Labourers' International Union of North America, Local 506 (Operations);
  - (ii) The United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, Local Union
  - (iii) The International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States and Canada, Local #58, Toronto;
  - (iv) The Ontario Provincial Council, United Brotherhood of Carpenters and Joiners of America (O.P.C.), Local Union 27;
  - (v) Canadian Union of Public Employees, Local 2840;
  - (vi) International Brotherhood of Electrical Workers, Local Union 353; and
  - (vii) International Brotherhood of Painters and Allied Trades District Council 46.
11. Signs: Any sign, lettering or design in the Premises that is visible from the exterior of the Premises shall be subject to approval by the Landlord and shall conform to the uniform pattern of identification signs for tenants as prescribed by the Landlord.
12. Use of Premises: The Premises may be used for the purpose of a fire hall provided that nothing contained in this offer shall obligate the Tenant to conduct any business in or on the Premises or to otherwise occupy the Premises. If the Tenant proposes to use the Premises for other purposes, it shall not do so without consulting with and obtaining the prior approval of the Landlord. In no event will the Tenant be permitted to carry on any of the Prohibited Uses described in Section 13 below.

The Tenant acknowledges that the Landlord has adopted an Environmental Policy and Green Standard (the "Environmental Policy") in respect of operations at Exhibition Place, a copy of which is attached hereto. The Tenant agrees to comply with the provisions of the Environmental Policy in its Tenant's Work and its operations at the Premises, except to the extent that such provisions contravene applicable heritage guidelines for the restoration or use of the Premises, in which case the Tenant shall not be bound by the Environmental Policy but shall use reasonable efforts to comply with it to the extent possible.

13. Prohibited Uses: The use of the Premises by the Tenant shall be subject to all existing contractual obligations of the Landlord respecting the use of the Lands, including rights granted with respect to the BMO Field, Arts, Crafts and Hobbies Building ("Medieval Times Dinner Tournament"), Coliseum Arena (Ricoh Coliseum), renovated Automotive Building (Conference Centre), Ontario Government Building (Liberty Grand Entertainment Complex) and Horticulture Building (Muzik Clubs), and, in addition to the restrictions set out elsewhere in this letter, the Premises shall not be used for any of the following purposes:
- i. a themed dinner theatre;
  - ii. trade and consumer shows and any activities (including the provision of food and beverages) related to trade and consumer shows;
  - iii. conferences, weddings or social events or receptions;
  - iv. professional sports events;
  - v. formal sit-down banquets;
  - vi. a casino; and
  - vii. a permanent indoor live performance venue/nightclub providing live and recorded musical entertainment for standing room crowd capacities of greater than 500 persons but less than 2,999 persons
14. Parking: The Landlord, at no additional cost to the Tenant, shall furnish six (6) above ground unreserved parking spaces to the Tenant for the Term of the Lease.

15. Assignment: The Tenant shall not assign this offer and any lease executed pursuant to this offer or to sublet all or any part of the Premises at any time.
16. Restoration of Premises: At the end of the Term, or any extension thereof, the Tenant shall not be required to remove any leasehold improvements or restore the Premises.
17. Heritage Asset: The Tenant acknowledges that by By-Law No. 443-85 the Building has been designated by the Council of the City under authority of the *Ontario Heritage Act*, R.S.O. 1990, c. O.18 as being of architectural and historic value or interest.

The Tenant shall comply with any and all requirements under the *Ontario Heritage Act* and other applicable legislation and/or any by-law or regulation pursuant to such act or legislation with regard to those matters which are its responsibility with respect to the Premises, and to ensure that all renovations, repairs, and any and all other work undertaken by the Tenant on, at or upon the Premises are in full compliance with the *Ontario Heritage Act*.

18. Closure of Lands
  - (a) The Tenant acknowledges that from time to time during the Term, Exhibition Place may be totally closed to the public on a temporary basis and/or an admission fee may be charged to enter the Exhibition Place. At such times, special provision will be made by the Landlord to facilitate access to the Premises by the Tenant. If access to the Premises is prevented for any length of time due to reasons of "force majeure" or any other reason not within the control of the Landlord, there shall be no abatement or reduction of Basic Rent, Additional Rent, or any compensation for loss of business or claim of any kind. By way of example only, among the types of events which give rise to such closures on a short term basis are the CHIN Picnic and Toronto Caribbean Carnival celebrations.
  - (b) The Tenant acknowledges that the Landlord shall have the right, for the purposes of the annual CNE, to close the grounds of Exhibition Place, and to interfere with, interrupt or prevent access to the Premises commencing with the pre-CNE move-in period approximately one (1) week prior to the opening day of the CNE and including the move-out/tear down period after the end of the CNE. During the CNE, the Landlord will facilitate access to the Premises by Tenant's staff for essential business operations only. Any other access or operation of the Premises will be subject to the prior consent of the Association and the following conditions:
    - (i) the Tenant shall not be permitted to park any vehicle adjacent to the Premises; and
    - (ii) No loading or unloading associated with the Premises shall be permitted between the hours of 10 a.m. and 11 p.m.
  - (c) The Tenant acknowledges that the Landlord shall have the right, during the annual Honda Indy weekend (from Wednesday through to and including Sunday with a possible Monday "rain-day"), to close the grounds of Exhibition Place, and to interfere with, interrupt or prevent access to the Premises except in cases of emergency within the Premises. In addition, the Tenant acknowledges that in the nine (9) to twelve (12) weeks in advance of the actual race weekend, the typical Grand Prix layout is being constructed around the Premises.
  - (d) The Tenant acknowledges that, during or in connection with any future Olympics, Pan Am Games or World's Fair or other event of comparable significance, the Landlord shall have the right to close the grounds of Exhibition Place, and to interfere with, interrupt or prevent access to the Premises. During such events, the Landlord will facilitate access to the Premises by Tenant's staff for essential business operations only.
  - (e) The Landlord will give the Tenant notice in writing not less than six (6) months prior to any proposed closing for the purposes set out in subsection (d) above.
  - (f) If access to the Premises is prevented for any length of time due to any reason under subsection (a), (b) or (c), there shall be no abatement or reduction in Basic Rent,

Additional Rent or Participation Rent, nor shall the Tenant receive any compensation for loss of business or claim of any kind.

19. CNE: The Tenant agrees to work with the Canadian National Exhibition Association (the "Association") on a cooperative basis to incorporate its Use into the operation of the annual CNE each year during the Term, and to provide fire prevention education program for visitors to the Leased Premises during the CNE. The Tenant acknowledges that it shall have no claim against the Board or the Association with respect to the disruption of its occupation, use and enjoyment of the Leased Property as a result of impacts from the operation of the CNE.
20. Standard Agreement Terms: The Tenant acknowledges and agrees that the Lease Agreement shall contain the following terms:
  - (a) The Tenant will ensure that all agents, operators, and contractors of the Tenant maintain adequate security and insurance;
  - (b) The Tenant shall be responsible, at its sole expense, for obtaining any and all government approvals required for the operation of the concept, and the construction of any required structures and improvements, including the issuance of any required permits;
  - (c) All plans for construction shall be subject to the prior approval of the Board;
  - (d) The Board at its sole expense will maintain the grounds around the Premises including snow removal to a service level provided throughout the grounds of Exhibition Place;
  - (e) Such other commercial terms as may be required by the CEO and the City Solicitor.
21. Time of the Essence: Time shall be of the essence of this offer.
22. Documentation: The lease shall be prepared by the Landlord and shall incorporate the terms of this proposal. Notwithstanding any terms and conditions contained or not contained in this proposal, all documentation shall be in a form and content satisfactory to the City Solicitor. The lease shall not contain any relocation or demolition clauses.
23. Administration and Management: The Director of Real Estate Services (the "DRE") and/or the Chief Corporate Officer (the "CCO"), their successor or designate shall administer and manage the Lease on behalf of the Tenant, including the provision of any consents, approvals, waivers, notices and notices of termination provided that the DRE or CCO may, at any time, refer consideration of such matter (including their content) to City Council for its determination and direction.

#### SCHEDULE "A" – TENANT'S WORK

The Tenant, at its sole cost and expense, shall complete in a good and workman like manner and compliant to all municipal building codes, a renovation to the Premises which shall include, without limitation:

1. Replacement of the exterior windows and doors;
2. Alteration of the interior stairway in accordance with Ontario Building Code requirements;
3. Replacement of above-ground diesel fuel storage tank on the south side of the Building with new double-wall tank as per Code
4. Installation of new tank and fuel dispensation system complete with early leak detection system;
5. Supply and installation of new gas service
6. Supply and installation of new HVAC system
7. Supply and installation of new domestic hot and cold water services, meter and hot water heater

8. Supply and installation of new heating system for Apparatus Bay,
9. Upgrade existing washroom and shower
10. Supply and install new Tailpipe Extraction System including new carbon monoxide detection system
11. Replacement of dry sprinkler system
12. Replacement of all interior and exterior lighting fixtures
13. Electrical power upgrade
14. And such other capital improvements as may be determined by both the Landlord and Tenant acting reasonably, or Leasehold Improvements as determined by the Tenant, subject to Landlord's approval

Approximate value of renovations is \$1,000,000.