

Clause embodied in Report No. 6 of the Administration Committee, which was before the Council of the City of Toronto at its meeting held on May 21, 22 and 23, 2002.

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**City Hall Store  
(Ward 27 - Toronto Centre-Rosedale)**

*(City Council on May 21, 22 and 23, 2002, struck out and referred this Clause back to the Administration Committee for further consideration, and the Commissioner of Corporate Services was requested to provide the Committee with a detailed option which would see the listing for lease of the location by the Square, immediately west of the main doors of City Hall, presently occupied by the Security Office.)*

**The Administration Committee recommends the adoption of the following report (April 23, 2002) from the Commissioner of Corporate Services; and further that the Commissioner of Corporate Services be requested to submit a status report thereon to the meeting of the Administration Committee scheduled to be held on June 25, 2002, such report to contain recommendations as to whether the surplus inventory may be donated to the Salvation Army:**

Purpose:

To report on a process for offering the City Hall store location for lease on the open market.

Financial Implications and Impact Statement:

There are no financial implications arising from this report. However, leasing of the store location will generate revenue.

Recommendations:

It is recommended that:

- (1) the Commissioner of Corporate Services be authorized to list for lease the existing City Hall store location with a commercial real estate broker and report back on the results; and
- (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

The City Hall store, also known as the “Resource and Publication Centre” or “The City Store”, occupies about 62.05 square metres (668 square feet) of space located opposite the City Hall café on the ground floor of the East Tower of City Hall.

City Council authorized the issuance of a Request for Expressions of Interest (REOI) to secure a third party operator for the store either at its existing location or two alternative locations. The first alternative location is the area immediately west of the main doors of City Hall comprising 47.94 square metres (516 square feet) currently occupied by the security office and the second alternative location is the vacant building on Nathan Phillips Square formerly used as a snack bar.

As reported to Council, at its meeting held on February 13, 14 and 15, 2002, a REOI for the operation of the store was issued but no submissions were received in response. Factors that deterred private sector and non-profit interest in operating a store at City Hall included the relatively low occupancy rate of City Hall, the seasonal nature of the tourist market, the number of visitors to City Hall compared to other tourist attractions, the sales record of the store and the cost to improve the space for retail uses.

City Council, at its meeting held on February 13, 14 and 15, 2002, considered Clause No. 3 of Report No. 2 of The Administration Committee and approved the closure of the City Hall store effective June 30, 2002. When Council considered this clause, it amended the clause by adding the recommendation that I be requested to submit a report to the Administration Committee, as soon as possible, on a process for offering the City Hall store location for lease on the open market or a store location fronting on Nathan Phillips Square, if feasible.

Comments:

In reviewing this request it was necessary to consider whether or not it is worthwhile to pursue any leasing of space in City Hall for commercial purposes, to determine from a practical perspective which of the two locations should be offered for lease and to set out an appropriate method for offering the location for lease.

To ascertain whether or not there may be interest in the store location, conversations were had with several brokers and they have suggested that there would be marginal interest from smaller scale users such as newspaper and magazine vendors, gift shops and specialty stores. However, potential tenants may be concerned about hours of operation, restrictions on inventory such as tobacco products and the size and type of signage that would be permitted. While interest may be marginal in leasing space in City Hall, there is no immediate pressing requirement for the existing store space and accordingly the leasing of the space is worth pursuing. Any use that Council approves should be complementary to the building and provide a level of service to the occupants of the building. In addition, food service uses should not be considered as they will compete with our existing café tenant and impact the revenue sharing the City currently receives.

We have concluded that it is more practical to simply offer the existing store location for lease for the following reasons:

- (1) while the existing security office provides exposure to the Square, City Hall is designated under the Ontario Heritage Act as an architecturally significant building which limits structural changes to the façade of the building. In addition there is existing perimeter heating along the windows. Accordingly it may be difficult to secure approvals and would be costly to access directly onto the Square;
- (2) it may be that the types of uses which are attracted to City Hall and which we would like to encourage may not require the exterior exposure;
- (3) the windows and perimeter heating in the security office limit space available for shelving and display structures and will reduce the usable area to about 39.48 square metres (425 square feet);
- (4) there would be costs associated with relocating the current security office to the existing store location; and
- (5) security staff currently have the benefit of direct visibility onto the Square. Given the heightened security concerns relocating the security staff to an internal office is not advisable at this time.

With respect to offering the City Hall store location for lease on the open market, there are three methods including a Request for Proposals (RFP), direct marketing by City staff, or through a listing with a real estate brokerage firm. City staff could offer this location for lease through signage, newspaper advertising and on the City's web site or other appropriate internet sites. However, this would be much the same process as exercised for the REOI and may or may not generate interest.

The City has a list of pre-approved real estate brokerage firms from which one could be selected to market the store location. This would provide access to the broker's network of prospective tenants and the broker's marketing of the space through the MLS system. It is felt this will result in the greatest exposure of this space.

#### Conclusions:

While marginal interest may be expressed it is considered appropriate to offer the existing store location for lease through a real estate broker and to report back on the results on the offering.

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