



TO: GENERAL COMMITTEE

SUBJECT: LEASE OF CITY OWNED PROPERTY – 24 MAPLE AVENUE

WARD: 2

PREPARED BY AND KEY CONTACT: R. PEWS, DIRECTOR OF CORPORATE FACILITIES, EXT. 4710

SUBMITTED BY: R. PEWS, DIRECTOR OF CORPORATE FACILITIES, EXT. 4710

NOTED: B. FORSYTH, DIRECTOR OF TRANSIT AND PARKING STRATEGY

GENERAL MANAGER APPROVAL: D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the Mayor and City Clerk be authorized to execute as landlord a commercial lease agreement for the former convenience store space located at 24 Maple Street in a form satisfactory to the Director of Legal Services and the Director of Corporate Facilities, subject to the following general terms and conditions:
 - a) Lessor to be MVT Canadian Bus, the City of Barrie’s current transit operator, for their use as transit operator support space;
 - b) Approximately 500 square feet of vacant space;
 - c) Initial 1-year term at a lease rate of \$26.50 per square foot, with optional annual renewal periods subject to 2% rate escalation; and
 - d) Agreement to include a Right of Termination clause in favour of the City to facilitate the vacancy of the space upon completion of the Allandale Transit Hub.

PURPOSE & BACKGROUND

Report Overview

2. The purpose of this Staff Report is to seek General Committee and Council approval to lease the former convenience store space at 24 Maple Street to the City’s current Transit Operator following receipt of an Offer to Lease.
3. The convenience store space was previously occupied by the *Lucky You* convenience store. The proprietor of this space abandoned their lease with the City due to the COVID-19 pandemic and the severe impact it had on their business.

4. The city's transit operator, MVT Canadian Bus ("MVT") has approached the city with an offer to lease the unused space for their driver's use until the new Allandale transit terminal is completed. MVT then intend to relocate to the new Allandale Transit Hub, vacating this space to allow the redevelopment of the Downtown Permanent Market.

ANALYSIS

5. As a result of the economic downturn caused by the COVID-19 pandemic, the operator of the *Lucky You* convenience store space at the 24 Maple Avenue abandoned their lease with the city.
6. Because the whereabouts of the operator was unknown, the city was forced to engage the services of the Sherriff's office to seize control of the space and its assets. Given commercial market conditions and the limited time the space will be available due to the planned development of the Permanent Market in the space, attempting to market and re-lease the space to another convenience store operator is not seen as a viable option.
7. Third-party equipment and supplies such as the Ontario Lottery and Gaming Corporation's ticket terminals have been returned to their rightful owners, edible food products abandoned by the former lessor were donated to the Barrie Food Bank and other local food agencies and, where possible, commercial goods were sold to partially cover rent arrears.
8. MVT has identified the need for a space for its drivers to use during their mandated break periods. Space previously leased for this purpose had to be vacated to allow the redevelopment of the leased site, and MVT staff have been using transit terminal waiting room space for this purpose.
9. Given the availability and location of the convenience store space, MVT has approached the city with a request to lease the space while the city's transit service is based out of the Maple Avenue terminal. Staff are of the opinion that the temporary use of this space by the city's current transit operator ideally supports the city's transit program while also enabling the city's future development plans for the site.
10. The leasable space totals approximately 500 square feet and includes both direct access to the transit terminal and a separate ground-level, outdoor entrance.
11. The financial terms of the proposed lease match those found in the *Lucky You* convenience store lease and are consistent with budgeted revenue, and MVT will cover any costs associated with minor capital upgrades required to support its use of the space.
12. Revenue from leasing this location will continue support the maintenance, operating and property tax costs for the terminal facility.
13. Council motion 18-G-152 states "*That Option C as set out in Staff Report FCT004-18 and the Downtown Barrie Permanent Public Market Technical and Financial Validation Study appended to Staff Report FCT006-17 continue to be the guiding principle in implementing the Barrie Permanent Market Precinct.*" Option C as identified in Staff Report FCT006-17 envisioned a simplified phased approach to the proposed Market Precinct, beginning with the construction of a new Allandale Transit hub facility and the subsequent relocation of Barrie Transit, which would then facilitate redevelopment of the first floor of the transit terminal. Development of the Allandale Transit Hub is currently in the design development phase and is expected to be complete in mid-to-late 2025.

14. An important consideration for the city's transit program, the design of the Allandale Transit Hub also includes space for the city's transit operator, whoever they may be. The design also includes a small food service / coffee shop kiosk area, which was identified through the project's public consultation sessions as important public elements for the new facility. Staff propose the future development of one or more lease(s) for the use of space at the new Allandale station prior to its completion, to allow the smooth transition of staff and services from one facility to the other, as and when appropriate.
15. Both MVT and Barrie Transit staff are seeking the shortest closing time possible, and it is expected that a new lease could be executed immediately after Council's approval, if granted.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

16. There are no environmental and climate change impact matters related to the recommendation.

ALTERNATIVES

17. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could choose not to lease the subject property to a new tenant.

This alternative is not recommended. Not only does the space currently represent an unfunded expense to the city's tax base, the short-term nature of the lease requested by MVT ideally aligns with the station's future redevelopment plans.

Alternative #2

General Committee could choose to request changes to the proposed terms of the agreement.

This option is not recommended. The financial terms of the agreement align with those of the previous tenant and therefore match budgeted revenue, while the short-term nature of the agreement supports the future redevelopment of the space.

FINANCIAL

18. Given that the space is currently vacant, acceptance of the recommendation would be a net positive financial benefit to the city. Lease revenues for the space for the first year of the agreement will total \$13,250 and will escalate by 2% per annum until Barrie Transit relocates to the Allandale Transit Hub. A new lease agreement for space at the Allandale Transit Hub will be developed prior to the completion of construction, including commercially competitive rates in effect at that time. Minor capital upgrades required in the former convenience store space identified by MVT will be funded by the tenant.

LINKAGE TO 2022-2026 STRATEGIC PLAN

19. The recommendation(s) included in this Staff Report supports the following goals identified in the 2022-2026 Strategic Plan:

Responsible Governance

Two key priorities of the 2022-2026 Council Strategic Plan include maintaining focus on city core services and supporting the services our community needs while keeping taxes low. The use of dedicated and currently unused space at the Transit Terminal supports the City's transit service while providing a revenue stream to reduce the financial burden on the City's tax base.

20. APPENDIX "A"

Location of Area to be Leased

