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<b>TO:</b>	<b>GENERAL COMMITTEE</b>
<b>SUBJECT:</b>	<b>LEASE OF CITY OWNED PROPERTY – 24 MAPLE AVENUE</b>
<b>WARD:</b>	<b>2</b>
<b>PREPARED BY AND KEY CONTACT:</b>	<b>G. DIAMANTOPOULOS, MANAGER OF CORPORATE FACILITY SERVICES, EXT. 4509</b>
<b>SUBMITTED BY:</b>	<b>R. PEWS, DIRECTOR OF CORPORATE FACILITIES</b>
<b>GENERAL MANAGER APPROVAL:</b>	<b>D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES</b>
<b>CHIEF ADMINISTRATIVE OFFICER APPROVAL:</b>	<b>M. PROWSE, CHIEF ADMINISTRATIVE OFFICER</b>

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### **RECOMMENDED MOTION**

1. That the Mayor and City Clerk be authorized to execute as landlord a commercial lease agreement for the existing convenience store space located at 24 Maple Street in a form satisfactory to the Director of Legal Services and the Director of Corporate Facilities.
2. That, given Council's endorsement in principle of a Year-Round Downtown Public Market at this location, the lease include a termination clause in favour of the City which, with sufficient notice, may be exercised to allow the construction of the Public Market space should the future market vision not include a convenience store.
3. That, should the lease termination clause be exercised by the City, the lessee be given the Right of First Refusal to a new convenience store lease at the proposed Allandale Transit Hub, should commercial space be constructed at the Hub, at commercially competitive terms.

### **PURPOSE & BACKGROUND**

#### **Report Overview**

4. The purpose of this Staff Report is to seek Council approval to lease the existing convenience store space at 24 Maple Street to a new tenant.
5. The existing tenant has been operating the Smoke N Ticket convenience store since the Transit Terminal opened in 1992. After many years of operation the owner has conditionally sold their business to a new operator who now requires a lease for the space as a condition of their agreement of purchase and sale.

### **ANALYSIS**

6. The existence of a convenience store located within the Transit Terminal provides a valuable service to the transit users, staff and the surrounding community.

7. Revenue from leasing this location supports the maintenance and operation costs for the terminal facility. The convenience store space is approximately 500 ft<sup>2</sup> and was initially leased on May 3, 1993 for a 10 year term, with rates starting at \$12 per ft<sup>2</sup>. The initial lease included a 5-year extension clause, after which time the tenant has occupied the space on a month-to-month basis. The current annual lease rate is \$25.56 per ft<sup>2</sup>.
8. 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 on hold pending approval of the City's Public Transit Infrastructure Fund application to the Federal and Provincial governments for the project.
9. The new convenience store business owner is seeking a 5-year lease for the space with an option for renewal but is also aware of Council's approval in principle to construct a Year-Round Downtown Public Market on the site. Should a convenience store not remain at the site as part of the future design, a termination clause in favour of the City giving at least one year of advance notice would allow the lease agreement to be terminated.
10. If lease termination is required to construct the Year-Round Downtown Public Market, the new owner would like a Right of First Refusal for a commercial lease at the new Allandale Transit Hub facility, should leasable vending space be included in the facility. This would be a new lease containing commercially competitive rates and terms, developed in the future if required. For clarity, staff are not requesting delegated authority to execute a potential future lease for space at the Allandale Transit Hub at this time. The requirement for such a lease, if required, will be communicated to Council via a future staff report.
11. Both the existing business owner and the business' conditional buyer would like the shortest closing time possible and it is expected that a new lease could be executed very shortly after Council's approval, if granted.

#### **ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS**

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

#### **ALTERNATIVES**

13. 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. The convenience store operation provides a valuable service to both Barrie Transit patrons and the local community, and revenue generated from the lease of the space currently supports the operating costs for the facility.

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**Alternative #2**

General Committee could choose to delete the termination clause option and direct that a convenience store be included in the final design of the Downtown Permanent Market facility.

While this option may limit the flexibility of design options for the Downtown Permanent Market facility and potentially increase construction costs, it would make leasing the existing space more attractive to the current or other interested parties. Should this option be chosen staff recommend eliminating the new tenant's Right of First Refusal for the lease of potential new commercial space at the proposed Allandale Transit Hub.

**FINANCIAL**

14. There will be no financial implications for the City resulting from the recommendation. The new lease rates will be structured to match current budget forecasts included in the budget for the facility, reflecting forecasted annual 2% rate increases.

**LINKAGE TO 2018–2022 STRATEGIC PLAN**

15. The recommendation(s) included in this Staff Report support the following goals identified in the 2018-2022 Strategic Plan:

- ☒ Growing Our Economy

One of the key priorities of the 2018-2022 Council Strategic Plan supports growing our local economy. A new lease of the subject property will continue to provide a location for a small business within the community to provide a valuable service.

**Location of Subject Property**

