

The Regional Municipality of York

Committee of the Whole
Transportation Services
June 13, 2019

Report of the Commissioner of Transportation Services

Award of Lease Agreement for Vendor at a York Region Transit Terminal

1. Recommendations

1. Council approve the principles and award of Lease Agreement with the recommended vendor, Canadian Imperial Bank of Commerce, for an Automatic Teller Machine, to occupy the dedicated space available at the Vaughan Metropolitan Centre in the rapidway concourse.
2. The Commissioner of Transportation Services be authorized to execute the Lease Agreement for Canadian Imperial Bank of Commerce, and any ancillary documents or agreements on behalf of the Region.
3. Council delegate signing authority to the Commissioner of Transportation Services on future vendor Lease Agreements at other transit terminal locations.

2. Summary

This report seeks Council's endorsement of Canadian Imperial Bank of Commerce (CIBC), as outlined in this report, as well as authorization for the Commissioner of Transportation Services to execute on behalf of York Region, the final lease agreement for an Automatic Teller Machine (ATM) at Vaughan Metropolitan Centre in the rapidway concourse.

This report outlines the steps taken to secure CIBC, and provides an update on a potential vendor for Cornell Terminal and the inability to secure a vendor at this time for Richmond Hill Centre Terminal.

At this time, staff is bringing forward for approval and award only the lease with CIBC for the location at the Vaughan Metropolitan Centre in the rapidway concourse. This is because CIBC is ready to begin their lease in July, and the other two locations have yet to be finalized. If or when leases for the other two locations can be negotiated, staff will bring them back to Council.

Key Points:

- Transportation Services, through the Request for Proposal process, hired a retail, real estate broker to recommend and procure vendors for dedicated retail spaces at transit terminals
- CIBC will be placing an ATM in the Vaughan Metropolitan Centre rapidway concourse; this will be the first CIBC ATM machine in a transit terminal outside of Union Station
- Staff, the broker and Legal Services are currently working on negotiating a Lease Agreement for Cornell Terminal with a national convenience store vendor
- Richmond Hill Centre Terminal initially had multiple interested vendors, with one beginning to work with the broker and York Region on negotiating a lease; however, the vendor ceased negotiations for reasons of significant change in their senior management leadership due to a company merger, disagreement on initially-quoted sales targets for the location and lack of pedestrian traffic from surrounding communities

3. Background

Vendor spaces at select transit terminals have been built to enhance the traveller experience and provide value-added services requested by transit customers

Richmond Hill Centre Terminal, Vaughan Metropolitan Centre in the rapidway concourse and the future Cornell Terminal were identified as ideal locations for vendors due to their close connections to interregional commuter buses and trains, and that they act as transit hubs where travellers transfer between multiple York Region Transit (YRT) services and peer transit agencies. Richmond Hill Centre Terminal was also identified by Metrolinx in their 2008 document, *The Big Move*, as being a major mobility hub with significant levels of planned transit services surrounding the terminal and Langstaff GO Station.

In spring 2016, intercept surveys were conducted with travellers at Richmond Hill Centre Terminal and an online survey collected additional responses. Eighty-nine per cent of respondents were excited by the prospect of food, beverage and convenience store options at terminals. Top items requested included hot and cold beverages, PRESTO fare cards, breakfast items, snacks, hot dogs and baked goods.

On January 26, 2017, Council authorized staff to issue a Request for Proposal to hire a retail real estate broker to help secure vendors at the identified locations

In September 2017, through a competitive procurement process, S&H Realty Corporation (the broker) was retained for this project. The broker analyzed vendor market potential for

transit locations, researched the best options available based on the surveys and also evaluated traveller demographics, ridership patterns and potential pedestrian walk-in traffic.

In addition to traditional convenience and food services, other offerings considered were ATM's, locker collection systems, vending machines and food trucks.

In spring 2018, packages were sent to vendors to advertise the available spaces

The broker analyzed the 2016 survey results, system demographics and best practices from other transit agencies on the types of retail services that are best fit for transit terminals, and marketing packages were sent to a variety of vendors. All interested vendors were required to attend a presentation by YRT and the broker and participate in site tours of each location.

Vendors who took part included Circle K, Subway, Pizza Pizza, INS Market, Druxy's Famous Deli, Bagel Stop, Gateway Newsstands, Mrs. Fields Cookies, Tim Hortons, three different banking institutions, including CIBC, and other convenience, food and beverage providers.

Standardized Lease Agreements were prepared outlining the terms and provisions required by the Region

In fall 2018, staff, Legal Services and the broker developed a standardized Lease Agreement template to be used for the dedicated spaces at each location. The goal of the Lease Agreement is to ensure the standard terms outlined will benefit both York Region and the recommended vendor. The template is customized for each vendor during negotiations.

4. Analysis

Canadian Imperial Bank of Commerce is the recommended Automated Teller Machine provider for the Vaughan Metropolitan Centre in the rapidway concourse

Three banking institutions viewed the available vendor spaces at each location, with CIBC negotiating a Lease Agreement for an ATM in the Vaughan Metropolitan Centre rapidway concourse. This ATM location would be CIBC's first at a transit facility outside of Union Station in the City of Toronto.

The CIBC lease with York Region includes the following highlights:

- 10-year lease term for a six square-foot space
- Nine per cent increase in rent every three years
- Annual promotional fund
- Bonus rent based on an average number of monthly withdrawals
- Annual property management fee of all rent

- Vendor oversees installation, removal and all service costs of the ATM
- Vendor pays own utilities, waste removal and insurance requirements

This location is attached to a Toronto Transit Commission subway station where PRESTO fare card sales and other convenience items are already available, and therefore, staff will not be seeking an additional vendor at this location.

Cornell Terminal will be open at the end of 2019 and has storefront style vendor space available for lease

Cornell Terminal has an 889 square-foot storefront style space available, adjacent to Markham Stouffville Hospital. This location has been deemed ideal due to the surrounding subdivisions being built and the potential for high pedestrian walk-in traffic.

Staff, Legal Services and the broker are currently working with a national convenience store retailer on a 10-year Lease Agreement, with two, five-year options to renew and occupancy scheduled for early 2020. If successful, the retailer would sell convenience store items, hot and cold beverages, and become a PRESTO fare card agent.

Staff will continue to work with the broker to finalize a Lease Agreement for this location and will report back to Council if a lease can be successfully negotiated. If the vendor space at Cornell Terminal cannot be filled, Transit staff could use it for customer service purposes, including PRESTO fare card sales, a heated passenger waiting area or bike storage facility.

A final Lease Agreement has yet to be negotiated for Richmond Hill Centre Terminal

Multiple vendors expressed interest in the space at Richmond Hill Centre Terminal, where approximately 2.8 million transit travellers pass through annually. Interested vendors included Gateway on the Go partnered with Tim Horton's branded coffee, Subway, INS Market and Meridian Bank.

In November 2018, Gateway on the Go started the leasing process. Four months following the start of negotiations, they ultimately decided against the deal and location with one of the main reasons given being the limited walk-in pedestrian traffic from the surrounding subdivisions and communities. In addition, there was a significant change in senior management during the process along with a company merger and new management determined the original sales projections supplied were not feasible. Other comments included the size and location of the vendor space and limited transit traffic during off-peak periods.

Staff will continue to independently look for a vendor for this location and will report back to Council if a lease can be negotiated. Other options currently being considered are vending machines and/or a food or coffee truck. Also discussed is to postpone advertising this location at this time until the Yonge Subway Extension timelines are finalized then again testing the market potential in 2020.

If the vendor space at Richmond Hill Centre Terminal cannot be filled, it will be used by Transit staff for operational and customer service purposes, including PRESTO fare card distribution, as it is already part of a fully-built and enclosed, heated passenger waiting area.

5. Financial

Vendors at transit terminals, or other key Region-owned customer-facing locations, can offer an additional source of income for York Region and provide enhanced traveller amenities, customer service and convenience.

Canadian Imperial Bank of Commerce Automated Teller Machine at Vaughan Metropolitan Centre in the rapidway concourse

It is anticipated the Region would receive approximately \$130,000 from CIBC over the 10-year term. This includes annual rent plus HST for a six square-foot space, a nine per cent increase in rent every three years, promotional funds, property management fees and potential bonus rent.

6. Local Impact

The local impact is expected to be very positive as new retail opportunities will create new business tax revenue for the Cities of Richmond Hill, Markham and Vaughan. This initiative will contribute towards customer satisfaction for travellers at major transit transfer points and for travellers connecting from other regions and between different system providers.

7. Conclusion

Staff is seeking Council approval on the principles and award of Lease Agreement with the recommended vendor, Canadian Imperial Bank of Commerce, for an Automated Teller Machine, to occupy the available space at Vaughan Metropolitan Centre Terminal in the rapidway concourse.

Council authorization is also being sought for the Commissioner of Transportation Services to execute the final lease agreement with CIBC and any ancillary documents or agreements.

In addition, staff is requesting Council delegate signing authority to the Commissioner of Transportation Services for future vendor Lease Agreements at other transit terminal locations.

Staff will report back to Council on Cornell Terminal if a lease can be negotiated and will continue to explore options for the vendor space available at Richmond Hill Centre Terminal.

For more information on this report, please contact Ann-Marie Carroll, General Manager, York Region Transit at 1-877-464-9675 ext. 75677. Accessible formats or communication supports are available upon request.

Recommended by: **Paul Jankowski**
Commissioner of Transportation Services

Approved for Submission: **Bruce Macgregor**
Chief Administrative Officer

May 30, 2019
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