

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** January 21, 2009

**SUBJECT:** PROCUREMENT AUTHORIZATION – LEASE OF LOTTERY  
KIOSKS IN VARIOUS SUBWAY STATIONS

**ACTION ITEM:**

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## RECOMMENDATION

It is recommended that the Commission approve the execution of the following lease agreements:

1. Tobmar Investments International Inc. (operating as Gateway Newsstands) for the lease of space at Warden, Bloor North, Bloor South, Sheppard, Wilson, Bathurst and Kennedy subway stations for a five year term. The proposed lease agreement will provide a guaranteed rental amount of \$1,155,000 (plus GST) for the entire lease term and capital improvements of \$290,000.
2. Kim's Wicket Tickets for the lease of space at Dundas Subway Station for a five year term. The proposed lease agreement will provide a guaranteed rental amount of \$180,000 (plus GST) for the entire lease term and capital improvements of \$32,151.
3. Lucky Tickets for the lease of space at Finch Subway Station for a five year term. The proposed lease agreement will provide a guaranteed rental amount of \$197,280 (plus GST) for the entire lease term and capital improvements of \$34,440.

## FUNDING

The proposed five year lease agreements will provide minimum guaranteed rental revenue to the Commission in the amount of \$1,532,280 (plus GST). This represents a 63% increase in annual rental revenue from the current rent being received.

In addition, the new lease agreements will provide the Commission with \$356,591 in capital improvements to the nine retail stores.

## DISCUSSION

Sixteen companies were invited to submit proposals in addition to the public advertisement on the TTC Website on August 22, 2008, out of which eleven companies submitted a proposal as detailed on Appendix 'B'.

A Request for Proposal (RFP) was issued for the lease of space for Lottery Kiosks at Warden, Bloor South, Bloor North, Sheppard, Wilson, Dundas, Bathurst, Kennedy and Finch Stations. The RFP indicated that the Commission would award a five year contract to commence upon notification of award, with an option to renew for an additional five year period, at the Commission's sole discretion, subject to the company's satisfactory performance and acceptance of negotiated rates. The only business to be considered for these spaces is for the sale of Ontario Lottery and Gaming Corporation (OLGC) tickets and associated products.

The RFP indicated that the spaces offered for lease are in their present condition, and all costs arising from the preparation of the space for occupancy will be the responsibility of the Tenant. The Tenant will be responsible for all costs of changing the premises from their present appearance to the proposed new appearance, including signage, utilities and services, together with any required alteration of any existing store front, entrance doors, partitioning, wiring, electric heating, lighting, air conditioning, drain connections, sprinklers, alarms and finishes to ceiling, wall and floors.

The RFP requested proponents to submit a guaranteed rental offer for a five year period. Proponents had the option to bid on all nine locations or any number of locations (i.e. 1, 3, 5 etc.) and the award of a contract(s) would be based on all or any number of locations at the Commission's sole discretion.

Upon the initial review of the bids, it was discovered that Wicket Tickets and 1390862 Ontario Inc. did not acknowledge the addenda issued, therefore, their bids were considered commercially non-compliant and not considered further.

Tobmar Investments International Inc. (Tobmar - operating as Gateway Newsstands) submitted the highest overall offer to the Commission for the lease of space for lottery kiosks at seven locations: Warden, Bloor North, Bloor South, Sheppard, Wilson, Bathurst and Kennedy Stations.

Tobmar did not state any exceptions or qualifications to the Commission's General Terms and Conditions, or the willingness to execute the Commission's Standard Retail Lease Agreement. Their bid is considered commercially and technically acceptable. Tobmar is a current tenant for other retail leases and has a good performance rating. Their proposal is recommended for acceptance for a five year term to commence upon notification of award, with an option to renew for an additional five years, at the Commission's sole discretion subject to their performance and negotiated rates on the basis of highest overall offer to the Commission for these locations.

Lucky Tickets (Lucky) submitted the highest overall offer to the Commission for the lease of space for a lottery kiosk at Finch Station. They did not state any exceptions or qualifications to the Commission's General Terms and Conditions, or the willingness to execute the Commission's Standard Retail Lease Agreement. Their bid is considered commercially and technically acceptable. Lucky is a current tenant for another lottery kiosk lease and has a good performance rating. Their proposal is recommended for acceptance for a five year term to commence upon notification of award, with an option to renew for an additional five years, at the Commission's sole discretion subject to their performance and negotiated rates on the basis of highest offer to the Commission for this location.

Kim's Wicket Tickets (Kim) submitted the highest overall offer to the Commission for the lease of space for a lottery kiosk at Dundas Station. They did not state any exceptions or

qualifications to the Commissions General Terms and Conditions, or the willingness to execute the Commission's Standard Retail Lease Agreement. Their bid is considered commercially and technically acceptable. Kim is the current tenant at Dundas Station and has a good performance rating. Their proposal is recommended for acceptance for a five year term to commence upon notification of award, with an option to renew for an additional five years, at the Commission's sole discretion subject to their performance and negotiated rates on the basis of highest offer to the Commission for this location.

The remaining six bidders did not state any exceptions or qualifications in their submissions and are all considered commercially acceptable; however their proposed rent was lower than those of the recommended companies and therefore were not considered further.

**JUSTIFICATION**

The proposed five year lease agreements will provide minimum guaranteed rental revenue to the Commission in the amount of \$1,532,280.00. This represents a 63% increase in the first year in annual rental revenue from the current rent being received. There is no increase in the rent over the five year term. In addition, the new lease agreements will provide the Commission with \$356,591 in capital improvements to the nine lottery kiosks.

January 21, 2009

Attachment: Appendix 'A'  
Appendix 'B'

22-11-3

**APPENDIX 'B'**

**PROCUREMENT AUTHORIZATION – LEASE OF LOTTERY KIOSKS IN VARIOUS SUBWAY STATIONS**

**PROPOSAL SUMMARY**

<b>Station</b>	<b>Tobmar Investments International Inc.<sup>(1)</sup></b>	<b>Lucky Tickets<sup>(2)</sup></b>	<b>Kim's Wicket Ticket<sup>(3)</sup></b>	<b>Chuls Tickets<sup>(4)</sup></b>	<b>Super Winners Lottery Centre<sup>(4)</sup></b>	<b>948098 Ontario Ltd.<sup>(4)</sup></b>	<b>Lucky Ticket Centre<sup>(4)</sup></b>	<b>Lim's Ticket Centre<sup>(4)</sup></b>	<b>Kangs Lotto<sup>(4)</sup></b>	<b>1390862 Ontario<sup>(5)</sup></b>	<b>Wicket Tickets<sup>(5)</sup></b>
Warden	\$94,500.00						\$75,000.00				
Bloor North	\$288,750.00					\$199,999.80					
Bloor South	\$288,750.00			\$203,282.40							
Sheppard	\$110,250.00								\$66,000.00		
Wilson	\$94,500.00							\$52,999.80			
Dundas	\$136,500.00		\$180,000.00								
Bathurst	\$94,500.00										\$60,000.00
Kennedy	\$183,750.00	\$147,360.00			\$156,000.00					\$151,500.00	
Finch	\$183,750.00	\$197,280.00				\$144,000.00					
<b>Recommended 5-Year Sub-Totals (plus GST)</b>	\$1,155,000.00	\$197,280.00	\$180,000.00								

(1) Tobmar Investments (Gateway Newsstands) is recommended for the lease of space at Warden, Bloor North, Bloor South, Sheppard, Wilson, Bathurst and Kennedy subway stations for a five year term. The proposed lease agreement will provide a guaranteed rental amount of \$1,155,000 (plus GST) the entire lease term.

(2) Lucky Tickets is recommended for the lease of space at Finch Subway Station for a five year term. The proposed lease agreement will provide a guaranteed rental amount of \$197,280 (plus GST) for the entire lease term.

(3) Kim's Wicket Tickets is recommended for the lease of space at Dundas Subway Station for a five year term. The proposed lease agreement will provide a guaranteed rental amount of \$180,000 (plus GST) for the entire lease term.

(4) These lease offers were lower than the recommended companies, and were not considered further.

(5) Wicket Tickets and 1390862 Ontario Inc. did not acknowledge the addenda issued, therefore, their bids were considered commercially non-compliant and not considered further.

**APPENDIX 'A'**

**PROCUREMENT AUTHORIZATION – LEASE OF LOTTERY KIOSKS IN VARIOUS SUBWAY STATIONS**

**RECOMMENDATION SUMMARY**

<b>COMPANY</b>	<b>RENT</b>	<b>CAPITAL IMPROVEMENTS</b>
<b>TOBMAR INVESTMENTS</b>	<b>\$ 1,155,000.00</b>	<b>\$ 290,000.00</b>
<b>KIM'S WICKET TICKETS</b>	<b>\$ 180,000.00</b>	<b>\$ 32,151.00</b>
<b>LUCKY TICKETS</b>	<b>\$ 197,280.00</b>	<b>\$ 34,440.00</b>
<b>5 YEAR TOTALS (plus. GST)</b>	<b>\$ 1,532,280.00</b>	<b>\$ 356,591.00</b>