

Item 3



For Action with Confidential Attachment

GACCTO Lease Extension and Rent Abatement Request

Date: June 17, 2020
To: Toronto Coach Terminal Inc. – Board of Directors
From: Chief Capital Officer

Reason for Confidential Information

This report is about a proposed or pending land acquisition or disposition of land for municipal or local board purposes.

Summary

TCTI Board approval is required to authorize a lease extension to Greyhound and Coach Canada Toronto Operations Limited (GACCTO), which currently operates an inter-city bus terminal from the property at 610 Bay Street and 130 Elizabeth Street. The lease extension will provide time for GACCTO to secure an alternate location for its operations. Staff recommend an extension of up to one year, based on the same terms and conditions of the existing lease, with an early termination provision, subject to approval of CreateTO and the City of Toronto in a form acceptable to TTC General Counsel.

The report also considers a request for rent abatement from GACCTO. Staff recommendations with respect to this matter are outlined in the Confidential Attachment.

Recommendations

It is recommended that the TCTI Board:

1. Authorize Staff to extend the 610 Bay Street and 130 Elizabeth Street lease for up to one (1) year on the same terms and conditions as the existing lease, including rent increases applicable at the time of term extension, subject to approval of CreateTO and the City of Toronto in a form acceptable to TTC General Counsel, and including the following additional provision:
 - a) GACCTO and TCTI shall both have the right to terminate the lease, subject to applicable termination provisions in the current lease, at any time after July 7, 2021, with a minimum of six months' written notice.

2. Approve the recommendations as set out in the Confidential Attachment; and,
3. The information in the Confidential Attachment remains confidential until such time as any agreements arising out of this approval are executed.

Financial Summary

Please refer to Confidential Attachment 1 for the financial summary.

Equity/Accessibility Matters

There are no accessibility or equity matter impacts as a result of this report. Any redevelopment of the properties would need to incorporate accessibility requirements.

Decision History

In May 2012, the TCTI Board of Directors approved entering into lease with GACCTO.. [http://www.ttc.ca/About the TTC/Subsidiaries/Toronto Coach Terminal Inc/2012/May 30 2012/Meeting of Directors May 30 2012/Reports/Toronto Coach Termin.pdf](http://www.ttc.ca/About%20the%20TTC/Subsidiaries/Toronto%20Coach%20Terminal%20Inc/2012/May%2030%202012/Meeting%20of%20Directors%20May%2030%202012/Reports/Toronto%20Coach%20Termin.pdf)

In January 2017, the TCTI Board of Directors approved a lease extension. [http://www.ttc.ca/About the TTC/Subsidiaries/Toronto Coach Terminal Inc/2017/Wednesday January 18/Meeting of Directors/Reports/4 GACCTO Lease Exten.pdf](http://www.ttc.ca/About%20the%20TTC/Subsidiaries/Toronto%20Coach%20Terminal%20Inc/2017/Wednesday%20January%2018/Meeting%20of%20Directors/Reports/4%20GACCTO%20Lease%20Exten.pdf)

Issue Background

On July 8, 2012, TCTI entered into a lease with Greyhound and Coach Canada Toronto Operations Limited (GACCTO) for the use of the 610 Bay Street and 130 Elizabeth Street properties as an inter-city bus terminal. The lease term under the initial lease and successive extensions will expire on July 7, 2021. The lease provides that the parties may begin discussions on an additional extension if alternative premises for GACCTO is not available at the time of the expiry of the lease.

It was anticipated that GACCTO would be relocating their bus operations to Metrolinx's new Union Station Bus Terminal, slated for occupancy in Q4, 2021. Although discussions are ongoing, Metrolinx has not yet committed to accommodating GACCTO at this new location, advising of Metrolinx's preference to wait until the terminal is operational before confirming whether there is additional capacity for GACCTO buses. As such, on September 25, 2019, GACCTO requested an extension of the 610 Bay Street and 130 Elizabeth Street lease for two, two-year terms, expiring in July 2025.

CreateTO and Metrolinx have been in ongoing discussions to ensure that GACCTO's operational needs are programmed into the new bus terminal. As of recently, Metrolinx has remained optimistic that these needs could be accommodated. Metrolinx is expected to advise CreateTO on their capacity capabilities by Summer 2020 based on the output of their newly revised forecasting model.

On October 29, 2019, City Council identified the 610 Bay Street and 130 Elizabeth Street properties, collectively, as an asset that is underutilized, with an opportunity to unlock value and address City building needs and objectives, such as affordable housing, employment uses and community infrastructure.

In addition to the requested lease extension, on March 25, 2020, GACCTO requested an abatement of rent. Discussion and recommendations with respect to this matter are provided in the Confidential Attachment.

Comments

Discussions between CreateTO and Metrolinx regarding the future accommodation of GACCTO at the new Union Station Bus Terminal remains ongoing; however, until this or an alternate facility relocation plan is confirmed, it is recommended that the GACCTO lease for 610 Bay Street and 130 Elizabeth Street be extended for up to 1 year until July 7, 2022. This extension will be based on the same terms and conditions as the existing lease, including rent increases applicable at the time of term extension, and including a termination provision to allow either GACCTO or Toronto Coach Terminal Inc. (TCTI) to terminate the lease at any time after July 7, 2021, with a minimum of six months' written notice to TCTI. This recommendation shall be subject to the approval of CreateTO and City of Toronto in a form acceptable to TTC General Counsel.

Contact

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Signature

Gary Downie
Chief Capital Officer

Attachments

Attachment 1 – Confidential Information

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