



REPORT FOR ACTION

License Agreement - 1413652 Ontario Inc. o/a KA Car Care: Municipal Carpark 58 (City-owned 9 Bedford Road, P4 Parking Level)

Date: November 29, 2018
To: Board of Directors, Toronto Parking Authority
From: Acting President, Toronto Parking Authority
Wards: Ward 11 University - Rosedale

SUMMARY

This report seeks the approval of the Toronto Parking Authority ("TPA" or "Licensor") Board to enter into a new license agreement (the "License") with 1413652 Ontario Inc. o/a KA Car Care (the "Licensee" or "KA Car Care") at Municipal Carpark 58, located at 9 Bedford Road (the "Property" or "CP58"), which is managed by TPA. The Licensee, who has operated a car cleaning and hand-detailing service at Municipal Carpark 15 (50 Cumberland Street / 37 Yorkville Avenue) ("CP15") for the past 15 years, had to close their business recently as the site is undergoing redevelopment. The Licensee has requested the TPA to consider the relocation of their business to the below grade parking garage at the Property. The terms and conditions of the proposed new License are detailed within the body of this report and provide for a new term of five (5) years with an option to extend the term of the License for an additional five (5) years.

City of Toronto (the "City") is the registered owner of the Property, and as such, will be a party to the License. In accordance with City of Toronto By-law 1409-2017, the proposed transaction requires City approval, and shall be directed through the City Real Estate Approval Process. City Legal will assist with the requisite approval process and document preparation.

RECOMMENDATIONS

The Acting President, Toronto Parking Authority recommends that:

1. The Board of Directors of the Toronto Parking Authority authorize a License Agreement between Toronto Parking Authority (as licensor), 1413652 Ontario Inc. o/a KA Car Care (as licensee), with the City as a party to the License, for City-owned Municipal Carpark 58, located at 9 Bedford Road for the purpose of operating a car hand-detailing operation on the P4 parking level, in accordance with the terms and

conditions as generally outlined in *Table 1.0 - Major Terms and Conditions of the Proposed License Agreement* of this report (November 29, 2018) from the Acting President, and on such other or amended terms and conditions as may be acceptable to the Acting President and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The License will generate a total of approximately \$377,765.00 in revenue to the TPA (excluding HST) for the entire ten (10) year term, including the proposed option period, based on the license fee of \$34,500.00 per annum (or \$2,875.00 per month) (the "License Fee") and increasing by 2.0% on each anniversary over the Term. The extension term of five (5) years (should the Licensee choose to exercise), is valued at approximately \$198,226.00. All operating costs associated with the business (i.e. water, hydro, etc.) during the Term will be paid by the Licensee. The License Fee which averages approximately \$575.00 per space per month exceeds the \$260.00 monthly parking permit rate at the facility and is therefore considered fair and reasonable given this type of Business.

By comparison, the License Fee negotiated at CP15 in June 2002, was based on the greater of: (i) a minimum fee of \$14,400.00 per annum (or \$1,200 per month) (plus GST) ("Minimum Fee"), increasing by 3.0% on each anniversary date; and (ii) a percentage fee equal to 7.0% of gross revenue generated by the business. The Minimum Fee at the time was equal to \$200.00 per space per month which exceeded the \$140.00 monthly parking permit rate at the facility at the time.

DECISION HISTORY

At its meeting of March 26, 2002 (*TPA Board Minute No.: 02-053*), the TPA Board authorized staff to enter into a License Agreement with 1036852 Ontario Inc. (o/a J.W. Car Care) dated June 30, 2002 in order to operate a car cleaning and hand-detailing service within CP15 for a term of 5-years beginning September 11, 2002 and ending September 10, 2007.

By a License Extension Agreement dated September 11, 2007, the initial term of the License Agreement was extended from September 11, 2007 until September 10, 2012.

By an Assignment Agreement dated January 1, 2009, the License Agreement was assigned to the current operator 1413652 Ontario Inc. o/a KA Car Care with Enver Coovadia as Indemnifier.

By a License Extension Agreement dated September 11, 2012, the License was extended for a further term of 5 years beginning September 11, 2012 and ending September 10, 2017.

The License had since lapsed and the Licensee continued to operate on a month to month basis until the closure of CP15 (50 Cumberland Street / 37 Yorkville Avenue) on November 19, 2018 on account of the pending redevelopment of the site.

COMMENTS

Background

KA Car Care, a sole proprietorship, had operated as a car cleaning and hand-detailing service at CP15, occupying six (6) spaces in the basement level of the garage, for the past 15 years. The operator has been a model licensee since inception. Through the delivery of their detailing services which at times have also included assisting customers with car boosts, unlocking doors, etc., they have managed to build a strong client base. The operation has consistently earned high ratings and positive reviews on social media as well as marketing platforms such as Google, GroupOn and Yelp. As a result of the pending closure of CP15, TPA staff have been in discussions with the operator over the past several months to try and source a suitable replacement location that would be both feasible and economically viable in order to retain as much of their existing client base as possible. It was determined that the basement level of CP58 was the most suitable location as it was relatively close to the market area as that of the existing operation at CP15.

Site Location and Particulars

City-owned Carpark 58, located at Bloor Street and Bedford Road (refer to *Appendix 'A' - Site Location Map*) is comprised of the following: (i) a 102-space surface parking facility; (ii) a four-level 287-space underground parking facility forming part of the InterContinental Hotel (the "Hotel"); and (iii) a service lane that is accessed from Prince Arthur Avenue. The City as landlord, entered into a 99 year less one day long term lease with the Hotel dated November 18, 1987, for lands upon which the Hotel has been constructed. The below grade parking garage has been sub-leased back to the TPA for municipal parking purposes. The surface parking area and below grade parking garage are both accessed exclusively from the west off Bedford Road.

Operational Implications

The proposed License will have no impact to the operation of TPA's surface parking facility and minimal disruption to the underground parking garage. The Licensee will occupy a total of five (5) parking spaces on the lowest or P4 level of the garage. All cars are washed by hand without the use of any significant machinery or harsh chemicals (refer to *Appendix 'C' - KA Car Care Presentation Deck*). All soaps and detergents used in the operation are certified bio-friendly.

Given the operational history of the Licensee at CP15, the business is expected to bring a similar positive benefit to the TPA both as a value-add service to TPA customers as well as help attract new customers to the parking facility. The Hotel has also agreed to support the arrangement as they too believe that the operation will bring a value-add service to their guests. In addition, the License Fee will introduce an additional source of revenue to the carpark operation.

Summary of Terms and Conditions - License Agreement

The major terms and conditions of the proposed License Agreement between TPA, 1413652 Ontario Inc. o/a KA Car Care and the City as a party to the License are summarized below in Table 1.0:

Table 1.0 - Major Terms and Conditions of the Proposed License Agreement

Licensee:	1413652 Ontario Inc. o/a KA Car Care
Indemnifier:	Mr. Enver Coovadia
Licensed Premises:	A total of five (5) parking spaces situated on the P4 parking level of the below grade parking garage located at CP58 (refer to <i>Appendix `B` - Licensed Premises Layout Plan</i>).
Business:	The Licensee intends to operate a car cleaning and hand-detailing service (refer to <i>Appendix `C` - KA Car Care Presentation Deck</i>).
Term:	5 year term beginning January 1, 2019, or such later date as mutually agreed upon, after City authority is secured.
License Fee:	\$34,500.00 per annum (or \$2,875.00 per month) and increasing by 2.0% on each anniversary over the Term.
Fixturing Period:	Ninety (90) days during which time the Licensee will not be responsible for the License Fee but will be responsible for any Additional Rent.
Improvements:	The cost to fit-out the Business is estimated at approximately \$16,000.00 and will be paid by the Licensee (refer to <i>Appendix `D` - Preliminary Class 3 Estimate (Licensed Premises Improvements)</i>).
Option to Extend:	Provided that the Licensee is in good standing throughout the Term, one additional term of five (5) years (the "Extended Term"), to be exercised by notice to TPA at least six (6) months before the expiry of the Term, provided that the License Fee shall be fair market value, and not less than the License Fee payable during the 12 month period immediately preceding the date of commencement of the Extended Term.
Additional Rent:	The Licensee will be responsible for all costs associated with operating the Business, including but not limited to heat, hydro, ventilation, air conditioning, water, telephone, cable, gas, and other utilities and services (if applicable).

Table 1.0 continued on Page 5

Relocation Option:	Subject to space availability, the Licensor may accommodate the Licensee in relocating the Business to an alternative TPA carpark if it is determined that the current location proves un-suitable or not sustainable from a business operations standpoint; to be agreed upon between both parties.
Security Deposit:	\$5,750.00 to be held during the Term to ensure performance of the Licensee under the terms of the agreement.
Termination:	The Licensor and the Licensee shall have mutual rights of termination upon ninety (90) days prior written notice.
Insurance:	The Licensee covenants and agrees to maintain during the Term: (i) Valid Business Interruption Insurance; (ii) General Liability Insurance with a limit of not less than Five Million Dollars (\$5,000,000.00) per occurrence; and (iii) Automobile Liability Insurance with a limit of not less than Five Million Dollars (\$5,000,000.00) per occurrence.
City Approval:	In accordance with City of Toronto By-law 1409-2017, the proposed transaction requires City approval, and shall be directed through the City Real Estate Approval Process.

In summary, TPA staff recommend approval of the proposed License Agreement for the following reasons:

- The operator has been a model licensee and has a proven track record of having operated the Business at CP15 over the past 15 years;
- The License arrangement will generate an additional \$34,500.00 (plus HST) annually over the Term of the arrangement;
- The License Fee exceeds the monthly parking permit rate at the facility and is therefore considered fair and reasonable given this type of Business;
- The Business will provide a positive 'value add' service to both TPA patrons and Hotel guests, and may attract additional customers to the parking facility; and
- Customers of the Business will still be required to pay the posted parking fees at the carpark.

TPA staff believe that having a prestige car care service such as KA Car Care will enhance the safety, prestige, service level, income and convenience of the parking facility.

CONTACT

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(416) 393-7267, gblysko@toronto.ca

SIGNATURE

Robin Oliphant
Acting President, Toronto Parking Authority

ATTACHMENTS

Appendix 'A' Location Map
Appendix 'B' Licensed Premises Layout Plan
Appendix 'C' KA Car Care Presentation Deck
Appendix 'D' Preliminary Class 3 Estimate (Licensed Premises Improvements)

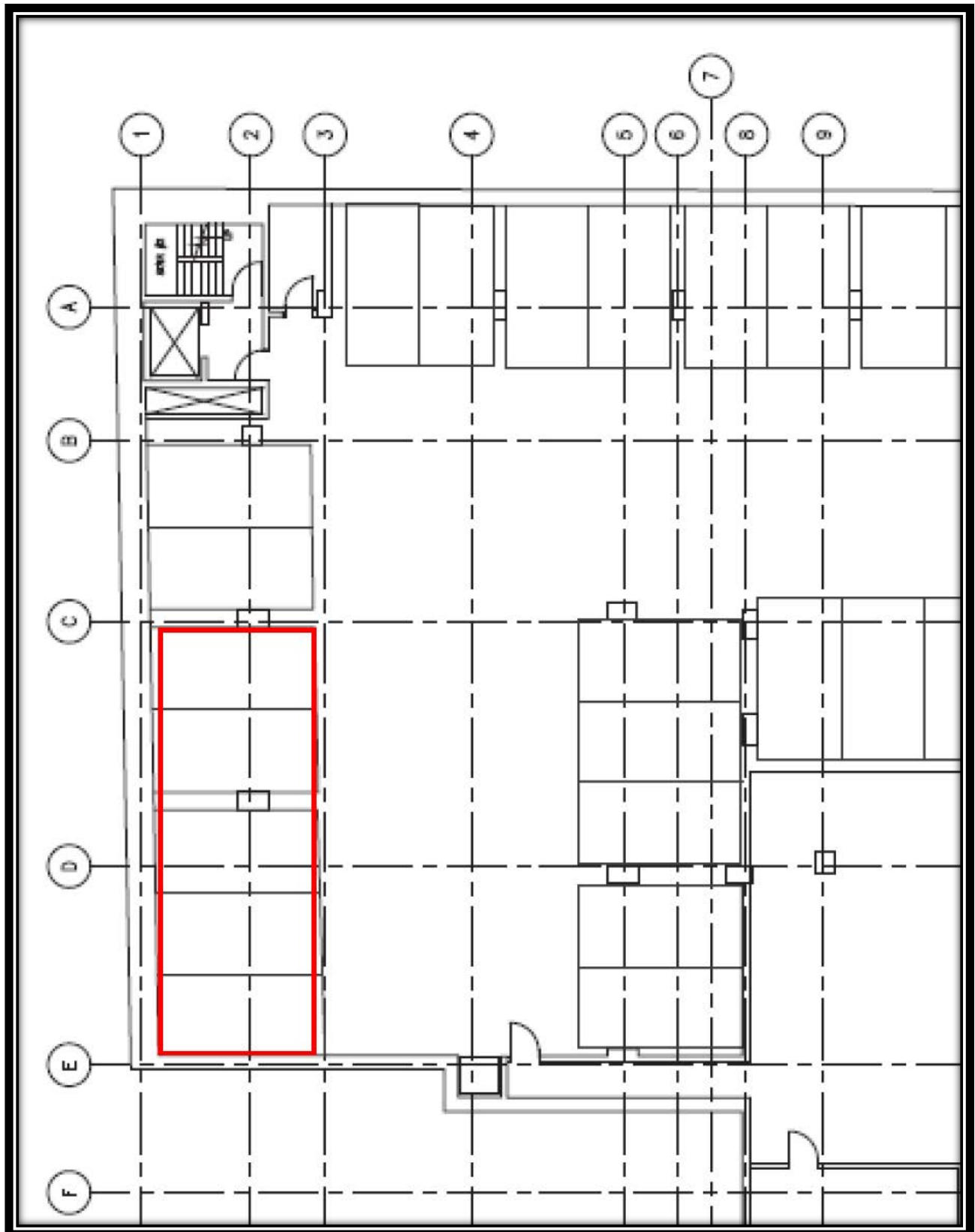
APPENDIX 'A'

SITE LOCATION MAP



APPENDIX 'B'

LICENSED PREMISES LAYOUT PLAN



APPENDIX 'C'

KA CAR CARE PRESENTATION DECK



About Us

- **Opened:** 2000
- **Location:** 37 Yorkville Ave, Toronto, Ontario
- **Employees:** Owner 'on-site' + full-time team

KA Car Care provides quality auto detailing and reconditioning services to its thousands of satisfied Clients in the Greater Toronto Area - specifically Yorkville. We pride ourselves on offering each of our customers a quality detailing experience at an exceptional value. We promise you personal service and individual auto detailing attention. We use the best equipment and the safest supplies for your vehicle. We also provide a Loyalty Program, Special Offers and Gift Certificates to our customers.

Your complete satisfaction is our business.

www.kacarcare.com



Our Capabilities

Complete Auto Detailing Services

We hand wash your entire auto exterior, using top of the line products to give your paint the true protection it needs to bring back and maintain it's original showroom sheen. In addition we also offer heavy and light scratch removal and engine detailing. Through waxing we'll restore your vehicle's deep shine. All exterior glass and windows will also be thoroughly cleaned. For more sophisticated needs (e.g. dent removal), we offer a number of Specialized Services as well.

Regular Services

- Full exterior hand wash
- Interior Shampoo
- Steam Cleaning
- Sanitizing
- Paint Protection
- Scratch Removal
- High speed polishing
- Waxing
- Odor Removal
- Engine Shampoo
- Pick-Up and Drop off Service

Specialized Services

- Wheels and Tires cleaned
- Wheel Wells cleaned
- Windows cleaned inside & out
- Complete Interior steam clean
- Mats shampooed
- Vinyl cleaned and protected
- Leather cleaned and conditioned
- Vents dusted and cleaned
- Door jams / trunk jams
- Machine high speed polish
- Hand wax
- Engine shampoo
- De-odorizer
- Dent Removal
- Etc.

www.kacarcare.com



Our People



www.kacarcare.com



Our Customers

4 Customer Segments

- Morning business clients
- Lunch clients
- Retail "shopping" clients
- Dinner/movie clients

High Profile Regulars

- President of Holt Renfrew
- Richard Curry
- Richard Petty
- Raptors players
- Leaf players



www.kacarcare.com



Quality

Beauty in Motion

- **KA Car Care** was started because of our extreme love for the beauty and brilliance of well-maintained cars, trucks, SUVs and Motorcycles. We are committed to putting our passion for beautiful automobiles to work for you.

Only the Best

- **KA Car Care** uses the latest industry technologies so that we always provide the best service to each of our customers. We take the time to train our staff to provide detailed workmanship on each and every service we perform.

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Differentiators

Protecting Your Investment

- We understand that your car, truck or SUV is a big investment and keeping your vehicle clean can help maintain its value.
- We only use the best products on the market
- Only hand car wash and detailing service that doesn't require an appointment
- Owner/Operator is 'On-Site'



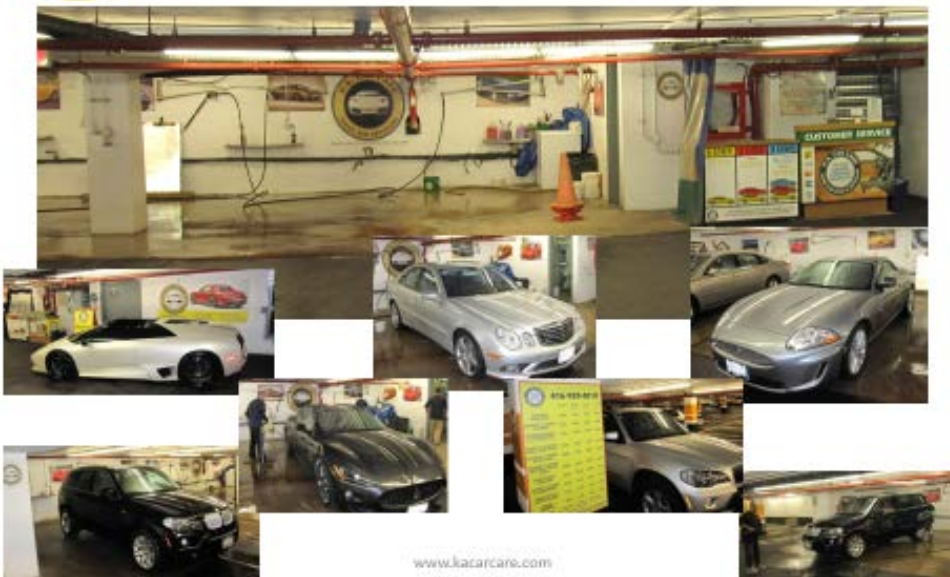
Landlord Friendly

- Proven, referenceable track record with landlord
- Stellar financials with no late payments since inception
- Provide high-quality service to tenants
- Added value to patrons (e.g. locate cars, boosts, etc).

www.kacarcare.com



Our Yorkville Location



www.kacarcare.com

APPENDIX 'D'

PRELIMINARY CLASS 3 ESTIMATE (LICENSED PREMISES IMPROVEMENTS)

Summarized below are the estimated costs of utility and service connection improvements that are to be undertaken at the cost of the Licensee:

Toronto Parking Authority 33 Queen Street East, Toronto, Ontario M5C 1R5 (416) 393 7275 www.greenp.com		Class 3 Estimate 9 Bedford Rd (CP58) - 2018 Car Wash			
Total Calculated		Contingency	Total Estimate		
\$ 14,000.00	+	15%	= \$ 16,100.00		
General Description of Work					
Work includes providing utilities to the lowest level of the parking garage to operate new car wash.					
Type of Work	Units	Unit Price	Quantity	Price	Comment
General					
Hydro	lump sum			\$ 10,000.00	Providing 100AMP electrical panel in main electrical room, conduits from main electrical room to south-east part of P4 Level and separate electrical meter. Additional conduits and receptacles from electrical meter are extra.
Water	lump sum			\$ 2,000.00	Providing 3/4" cold water connection from Mechanical Room located on P4 Level to south-east part of P4 Level.
Phone Line	lump sum			\$ 2,000.00	Providing phone line from Telephone Room located at the south-east corner of P1 Level to south-east part of P4 Level.