Minute No. 449
Report - Standing Policy Committee on Property and Development - May 3, 2005

Item No. 22 **Good Neighbours Seniors Centre - 755 Henderson Hwy - Amendment to the Lease Agreement and Write-Off of Amount Equivalent to Realty Taxes**
File FI-2.2(33)

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Property and Development and adopted the following:

1. That the Lease Agreement between the City and the Good Neighbours Senior Centre Inc. dated July 31, 1998, be amended by deleting Clause 1 (a) dealing with the requirement to pay realty taxes.

2. That the Good Neighbours Senior Centre Inc. lease arrears, equivalent to the amount of realty tax arrears owing on 755 Henderson Highway in the amount of $92,314.31, be written-off and accounted for in the Departmental Allowance for Doubtful Accounts in 2004.

3. That a Renewal Agreement be prepared pursuant to Clause 3(d) of the aforementioned Lease Agreement.

4. That pursuant to Subsection 11(2.1) of The Municipal Assessment Act, the Community Groups Occupying City-owned Facilities By-law No. 89/2005 be amended to add the Good Neighbours Senior Centre Inc. at 755 Henderson Highway.

5. That the City Assessor be requested to amend the 2005 Assessment Roll pursuant to s.14 (2) of the Manitoba Municipal Assessment Roll.

6. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report - Standing Policy Committee on Property and Development - May 3, 2005

DECISION MAKING HISTORY:

Moved by Councillor De Smedt,

That the recommendation of the Standing Policy Committee on Property and Development be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 11, 2005, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On May 3, 2005, the Standing Policy Committee on Property and Development concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

Re: Good Neighbours Seniors Centre – 755 Henderson Hwy – Proposed Amendment to the Lease Agreement and Write-Off of amount equivalent to Realty Taxes

For submission to: **Standing Policy Committee on Property and Development**

Original report signed by: **Director of Planning, Property and Development**

Report date: April 26, 2005

Recommendation(s):

1. That the Lease Agreement between the City and the Good Neighbours Senior Centre Inc. dated July 31, 1998 be amended by deleting Clause 1 (a) dealing with the requirement to pay realty taxes.
2. That the Good Neighbours Senior Centre Inc. lease arrears equivalent to the amount of realty tax arrears owing on 755 Henderson Highway in the amount of $92,314.31 be written-off and be accounted for in the Departmental Allowance for Doubtful Accounts in 2004.
3. That a Renewal Agreement be prepared pursuant to Clause 3(d) of the aforementioned Lease Agreement.
4. That the Director of Planning, Property and Development be requested to add the subject occupancy to the By-law to exempt community groups from municipal taxes.
5. That the City Assessor be requested to amend the 2005 Assessment Roll pursuant to s.14 (2) of the Manitoba Municipal Assessment Roll.
6. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REPORT SUMMARY

Key Issues:

- The City-owned building located at 755 Henderson Highway is the former East Kildonan/ Transcona Community Committee building.

- The City leased the subject building to the Good Neighbours Seniors Centre Inc. (GNSC) – (a non-profit organization) for the purpose of establishing a Seniors Centre by Agreement dated July 31, 1998.

- The GNSC has been operating at this location for approximately seven (7) years and completed a major building renovation in 2001. The GNSC provides seniors programming to approximately 950 seniors in the East Kildonan/Elmwood Community.

- GNSC signed the Lease Agreement with the City (Real Estate) in 1998 and agreed to be responsible for the payment of realty taxes. The City's Non-Profit Policy was to have the Tenant pay $1.00 for rent, plus realty taxes.

- The former Parks and Recreation Department was previously responsible for the administration of senior centre occupancies in the City. There are currently eight (8) senior organizations occupying City-owned buildings in the City which do not pay realty taxes pursuant to arrangements with the former Department.

- In order to provide equity with other senior centre occupiers, the Administration is supportive of amending the Lease Agreement with the Good Neighbours Senior Centre Inc. and to remove the requirement to pay for realty taxes should Council concur.

Implications of the Recommendation(s):

General implications:

	None
X	**For the organization overall and/or for other departments**
X	**For the community and/or organizations external to the City of Winnipeg**
	Involves a multi-year contract

Comment(s):

- At its meeting scheduled on April 20, 2005, the Executive Policy Committee will give consideration to the proposal to enact a by-law to exempt non-profit community groups occupying City-owned properties from paying the municipal portion of realty taxes.
- The Planning, Property and Development Department needs to address this lease default issue and to restore the Good Neighbours Senior Centre Inc. into a Tenant in good standing and to eliminate the financial liability from its arrears list.
- The existing realty tax treatment of the GNSC is not in keeping with the realty tax practise associated with other senior centres, excepting the Brooklands Pioneer Citizens Club. As such, this report and recommendations are attempting to regularize the realty tax treatment amongst senior centres occupying City-owned centres.

Policy implications:

	No
X	**Yes**

Comment(s):

- Approval of the By-law to exempt non-profit community groups from realty taxes will provide for consistency in the tax treatment of non-profit seniors centres.

Environmental implications:

X	**No**
	Yes

Comment(s):

-

Human resources implications:

X	**No**
	Yes

Comment(s):

-

Financial implications:

X	**Within approved current and/or capital budget**
	Current and/or capital budget adjustment required

Comment(s):

- The Planning, Property and Development Department has set up $92,314.00 as an allowance for doubtful account in 2004. As such, no additional funding is required to write-off this account. By approval of this report, the Assessment Roll for 2005 and beyond would be amended to eliminate the liability for realty taxes at this location.

REASON FOR THE REPORT:

Inasmuch as Council approved the terms of the subject lease agreement on July 22, 1998, any amendment requires its approval.

With respect to Recommendation No. 4 which states:

> "4. That the Director of Planning, Property and Development be requested to add the subject occupancy to the By-law to exempt community groups from municipal taxes"

, the Executive Policy Committee must approve the addition of the Good Neighbours Senior Centre Inc. occupancy to the Non-Profit Community Group Occupying City-owned Property By-law list. If approved, the request would be forwarded to Council for its consideration and approval.

HISTORY:

At its meeting held on July 22, 1998, Council considered the report of the Standing Policy Committee on Property and Development dated June 30, 1998 and approved the lease of the former East Kildonan/ Transcona Community Committee building located at 755 Henderson Highway in favour of the Good Neighbours Senior Centre Inc. for a term of five years (commencing on August 1, 1998) together with two further five year renewal options at an annual rental of $1.00 plus an amount equivalent to realty taxes.

The particulars of the property and lease are as follows:

Owner:	City
Tenant:	Good Neighbours Senior Centre Inc.
Location:	755 Henderson Highway
CT:	402774; 468714; 485955
Zoning:	C2
Assessment:	$602,000.00
Building Desc:	A two-storey building constructed in 1951 consisting of a main floor area of 4252 sq ft and second floor area of 1873 sq ft with 22 electrified stalls
Term:	Five (5) years commencing August 1, 1998, plus two five-year (5) options
Tenant Resp:	Operating costs, realty taxes, caretaking, utility, insurance, contribution to the maintenance and repair of major structural components
City Resp:	Maintain structural component and operating equipment
Cancellation:	One hundred eighty (180) days by either party

The June 28, 1998 Departmental report advised Council that the Standing Policy Committee on Property and Development also referred approval of an annual grant to the GNSC in an amount equivalent to the realty taxes to the annual budget deliberation process. Currently, the GNSC are responsible for the payment of realty taxes under the terms and conditions of the lease. However

the monies required for payment of realty taxes were to be provided by the City via an annual grant and this was not implemented.

In June of 1999, GNSC requested authorization from the Planning, Property and Development Department to undertake improvements to the building. The proposed improvements included: (1) north wing egress stairwell linking the basement, main and second floors and (2) interior modifications to the south wing of the building. The purpose of the stairwell addition was to allow use of the basement as a public area by providing better accessibility, while south wing renovations accounted for a computer lab and working area.

The Project Consultant estimated costs at $90,000 for the north wing egress stairwell and $40,000 for the south wing renovations. GNSC secured funding in the amount of $215,850.00, which included a City Grant of $90,000.00 to complete the proposed renovations. The remaining available funds ($215,850 less $130,000 = $85,850) are to be used for other planned future renovations to the basement and other spaces.

At its meeting held on November 21, 2000 the Standing Policy Committee on Fiscal Issues approved the following recommendation:

> *"*That an additional appropriation in the amount of $90,000.00 be approved to provide funding for the renovations at 755 Henderson Highway."

At its meeting held on July 4, 2001, the Standing Committee on Property and Development concurred in the recommendations of the Planning, Property and Development Department regarding the manner in which grant funds were being released to the GNSC even though the Tenant owed realty taxes to the City.

At its meeting held on October 4, 2001, the Standing Policy Committee on Property and Development made the following motion:

> "That in anticipation of a Modified Facility Use Agreement being entered into with the Good Neighbours Retirement Centre Inc. for the use of the City-owned building at 755 Henderson Highway, the outstanding taxes incurred be forgiven or the organization be given a grant to cover the taxes."

The above referenced Standing Policy Committee on Property and Development motion was not implemented.

By letter dated June 5, 2003, the Good Neighbours Senior Centre Inc. exercised its First Renewal Period with the City.

Between 2003 and June 28, 2004, the Administration initiated discussions with the Province of Manitoba regarding the taxation of Non-Profit Occupiers of City-owned community centers and other community facilities in the City. On June 28, 2004, the Manitoba Municipal Assessment Act was amended to provide an exemption from realty taxes to such groups if the municipality enacted a by-law to that effect.

DISCUSSION:

1. Seniors Centres:

Over the past twenty-five years, the City has entered into arrangements with various Seniors Groups to provide city-owned facilities for senior center programming purposes. As well, the City entered into lease agreements with the Winnipeg No.1 School Division and the St Boniface School Division to utilize school buildings for senior centers. The Centres have been developed on an ad-hoc basis outside of an established Council policy for senior center development, which would normally include a formal needs assessment, development criteria, standardized terms and conditions for agreement, identification of senior centre and City responsibilities and determination of operating funds for each location.

Notwithstanding the above, there are ten (10) Seniors Centres operating in the City at the following locations: (1) Golden Rules – 625 Osborne (2) Brooklands Pioneer – 1960 William Avenue (3) Dufferin Seniors – 377 Dufferin (4) North Centennial Seniors – 86 Sinclair Street (5) Good Neighbours – 755 Henderson Highway (6) Elmwood EK Seniors –180 Poplar Avenue (7) Transcona Council of Seniors – 328 Whittier (8) Club Eclispe – 255 Rue de la Cathedrale (9) Charleswood Seniors – 5006 Roblin and (10) Prendergast Seniors – 906 Cottonwood Drive.

A summary of current occupancies, programming and existing responsibilities is attached as Schedule "A". As identified in Schedule "A", there is a wide range of arrangements at each of the locations, which needs to be reviewed and coordinated into a senior center policy and standardized terms and conditions of agreement. In addition, the Department will need to ensure that the final agreements are in alignment with the PUF Report and where necessary, will seek further direction prior to finalizing it.

The Planning, Property and Development Department has initiated this matter with the Public Works and Community Services Departments and will be proceeding with completing same now that the Manitoba Municipal Assessment Act has been amended, which allows for the completion of formal occupancy agreements at each of these locations without creating a requirement to pay realty taxes.

With respect to the requirement to pay realty taxes, it should be noted that the Brooklands Pioneer Citizens Club and the Good Neighbours Seniors Centre Inc. are the only senior center organizations, which are required to pay realty taxes via agreement with the City. It is the intention of the Department to also bring a separate report forward to deal with the Brooklands Pioneer Citizens Club in a similar format as the Good Neighbours Seniors Centre Inc.

2. Good Neighbours Seniors Centre Inc.:

The GNSC has occupied the former East Kildonan/ Transcona Community Committee building located at 755 Henderson Highway since July 1, 1998. The GNSC completed a major renovation to the facility in 2001 to make the space more accessible and functional. Currently, the GNSC has a membership of approximately 950 seniors.

Since taking possession of the building, GNSC has never paid the annual realty taxes. The GNSC is currently in arrears for $92,314.31.

As a means of achieving the intent of the October 4, 2001 Standing Policy Committee on Property and Development motion and to improve realty taxation equity amongst the senior organizations occupying City-owned land and buildings, the Administration is supportive of eliminating the Good Neighbours Seniors Centre Inc. lease arrears and their lease requirement to pay realty taxes.

Should Council concur, the Department recommends the following proposed Plan of Action:

1. Amend the Lease Agreement between the City and the Good Neighbours Senior Centre Inc. dated July 31, 1998 by deleting Clause 1 (a).

   To eliminate the requirement to pay realty taxes, the Lease Agreement would need to be amended. The Good Neighbours Senior Centre Inc. is in agreement with this lease amendment.

2. That the Lease Default of an Equivalent to Realty Tax in the amount of $92,314.31 be written-off and be accounted for in the Departmental Allowance for Doubtful Accounts in 2004.

   Given the nature of this account receivable, the Planning, Property and Development Department made provision in its 2004 Budget to write-off this balance in the event that Council concurred with it.

3. That a Renewal Agreement be prepared pursuant to Clause 3(d) of the aforementioned Lease Agreement.

   The Good Neighbours Senior Centre Inc. exercised its first renewal option by notifying the Department by letter dated June 5, 2003. This renewal needs to be formalized into a Renewal Agreement.

4. That the Director of Planning, Property and Development be requested to add the subject occupancy to the Non-Profit Community Group Occupying City-owned Property By-law list.

   Council is currently reviewing the list of community center and community group list for by-law exemption. Pending Council's concurrence with this Report, the Good Neighbours Senior Centre Inc. occupancy should be added to the by-law list.

5. That City Assessor be requested to amend the 2005 Assessment Roll pursuant to s.14 (2) of the Manitoba Municipal Assessment Roll.

   In order to deal with the realty tax imposition for 2005, the City Assessor can amend the 2005 Assessment Roll by changing the exemption status for this occupancy.

Department Comments:

The GNSC occupancy and real estate matter has been active for several years and continues to appear on the Departmental Arrears list.

By moving forward with this recommendation, greater equity amongst the Senior Centres will be achieved, a longstanding issue of rental arrears will be dealt with, and a lease renewal eliminating the requirement to pay realty taxes will be finalized.

Financial Impact Statement

Date: April 21, 2005

Project Name:
Good Neighbours Senior Centre

First Year of Program 2004

	2004	2005	2006	2007	2008
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 92,314	$ 9,322	$ 9,322	$ 9,322	$ 9,322
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 92,314	$ 9,322	$ 9,322	$ 9,322	$ 9,322
Less: Existing Budget Amounts	92,314	-	-	-	-
Net Budget Adjustment Required	$ 0	$ 9,322	$ 9,322	$ 9,322	$ 9,322

Additional Comments:
The Planning, Property and Development Department has set up $92,314.00 as an allowance for doubtful account in 2004. As such, no additional funding is required to write-off this account. By approval of this report, the Assessment Roll for 2005 and beyond would be amended to eliminate the liability for realty taxes at this location.

"Original signed by"
Mike McGinn, CA
Manager of Finance

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Public Works

Community Services

Corporate Finance

Legal Services Division

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Real Estate
Prepared by: D. Armstrong
PPD File #: 32/6644 V2

Document name: o:\reports directive\real estate\leasing\(da) good neighbours.doc

Schedule "A"

Senior Centres Utilizing City-Owned/School Owed Property

Seniors	File No.	Address	Articles of Incorp.	Const. By-Law	Org. Struct.	Current Programming	Fin. Stmt.	Cert. of Insurance	Utilities	Maint.	Cleaning	Realty Taxes	Agrmt.	Bldg. Site Plan	Cond. Report	No. of Mbrs.	City's Facility Plan
1. Golden Rule Seniors		625 Osborne R3L 2B3	not incorp.	√	√	bridge, carpet bowl, crafts, excursion trips, dances, bingo	√		City	City	City	City	Yes – Facility Use				
2. Brooklands Pioneer Citizens Club	5975/ G - 14	1960 William R2R OC4	√	√	√	bingo, cards, pool, exercise classes, craft sales, picnics, excursion trips, speakers	√	Yes, CGL $1.0 mil	Tenant	Tenant	Tenant	Tenant	Yes				
3. Dufferin Senior Citizens Inc.	3435/A	377 Dufferin R2W 2Y2	√	√	√	dances	√		City	City	City	City	No				
4. North Centennial Seniors Assoc.	307(II)	86 Sinclair R2X 1X1	√	√	√		√	√	City	City	City	City	No				
5. Good Neighbours Senior Citizens Inc.	32/6644(II)	755 Henderson Hwy R2L 1L1						Yes, CGL $1.0 mil	Tenant	Tenant	Tenant	Tenant	Yes				
6. Elmwood-EK Retired Seniors	5104	180 Poplar R2L 2B6 • Owned by Wpg No 1 and leased to the City				pool, woodworking, crafts computers, exercise, games		Contents	City	City	City	City	No				
7. Transcona Council of Seniors	7002	328 Whittier R2C 1Z8		√	√	Carpet bowling, crafts, bingo, line dancing, darts, snooker, shuffleboard	√	√	City	City	City	City	No				
8. Club Eclipse	6862	255 Rue de la Cathedrale	√	√	√		√	√	City	Tenant	Tenant	City	Yes				
9. Charleswood Seniors	4250	5006 Roblin							City	City	City	City	Pending				
10. Prendergast Seniors		906 Cottonwood • Owned by St Boniface School Div and leased to the City							Tenant	Tenant	Tenant	City	Yes				

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