Report of the Standing Policy Committee on Property and Development dated September 12, 2002

Proposed Lease for Skate Sharpening Operation - River Heights Community Centre
File FI-2.2(32) (Vol. 8)

5. The Standing Policy Committee on Property and Development has been advised that the River Heights Community Centre has requested that the City enter into an agreement with a for-profit operator, to provide an on-site skate sharpening service to the patrons of the City-owned River Heights Indoor Arena. Council approval is required to lease City-owned property acquired for parks purposes.

On July 10, 2002, the Community Services Department requested the Planning, Property and Development Department (Real Estate Division) to review documentation received from the River Heights Community Centre that included a proposed lease document they intended to enter into with Russell Martin, a skate-sharpening operator at the River Heights Arena. Following a review of the documentation, the Departments determined that the River Heights Community Centre was not authorized to enter into lease agreements for space within City-owned buildings. The Real Estate Division proceeded with the necessary tasks to facilitate the proposed agreement to establish a skate sharpening operation at the River Heights Arena, in accordance with City policy and procedures.

The River Heights Community Centre wishes to obtain the services of a skate sharpening operator as a means to providing an on site service to arena patrons, and that service is proposed to commence September 4, 2002.

The River Heights Community Centre had entered into direct negotiations with Russell Martin to establish the on-site services and had negotiated and agreed upon the rental rate, which is developed on the basis of a formula that essentially will reimburse the Tenants share of the operating costs back to the Community Centre. The Community Services Department has confirmed that this rate is within the range of rental rates that the City receives at Indoor Arenas under its direct management ($200.00 per month to $450.00 per month - provided by the Community Services Department).

The Community Services Department further advised that in accordance with the Universal Funding Formula for Community Centres, the designated leased space (exclusive use of 196 square feet) will be deducted from the square footage allocation of the River Heights Community Centre annual operating grant (i.e. 196 square feet x $2.35 per square foot = $460.60 reduction).

Since the proposed use is a for-profit operation, and because the Tenant will be exclusively occupying a dedicated area within the facility, the occupancy is deemed to be assessable in accordance with The Manitoba Municipal Assessment Act. Therefore in addition to the base rental that will be payable directly to the River Heights Community Centre, the Tenant will also be required to pay an equivalent to realty tax as assessed and billed for the demised premises (196 square feet). The Property Assessment Department estimated that the applicable annual realty tax will be approximately $200.00+/-.

The particulars of the subject City-owned property and proposed terms of lease are as follows:

Site Identification:	Shown on Misc. Plan No. 11604 as "Proposed Skate Sharpening Area"
Lessee:	Russell Martin
Term:	Commencement September 4, 2002 Expires on September 3, 2003
Renewal:	Annual, provided there is no default
Cancellation:	Ninety (90) days notice by either party; by City upon Tenant default
Zoning:	"PR-1" Parks and Recreation
Demised Premises:	196 square feet
Base Rental:	$3,600.00 year/$300.00 per month, plus applicable GST. Determined by and payable direct to the River Heights Community Centre
Realty Tax:	The Tenant is responsible for realty taxes as assessed against the demised premises. (Estimated at $200.00 per annum)
Tenant Responsibilities:	Use is restricted to skate sharpening and sale of pucks, hockey sticks and tape purposes only; No advertising without City's approval; Restoration of leased premises on expiry if the City directs; All cleaning and maintenance of the demised premises; Security for the demised premises, Liability insurance; MTS service and all other costs related to its operation.
Landlord Responsibilities:	Building maintenance and operation, provision of utilities to demised premises, renovations to create skate sharpening space, building security, provision of access to demised premises and determination of arena operating hours.

In addition to the above, there will be clauses unique to this specific agreement relative Child Protection, shared cost to install a window in the facility to comply with a possible Winnipeg Fire Paramedic Service requirement, etc. In the past these types of uses were typically

documented by way of a management agreement; however, that form of agreement is no longer used.

The Community Services Department supports the proposed lease agreement as it will provide a service and revenue enhancement for the River Heights Community Centre.

The Planning, Property and Development Department is currently circulating a draft of the proposed terms and conditions of lease that have been jointly developed with the City's Legal Services Division, River Heights Community Centre, and the Community Services Department. It may be necessary to further amend these to meet the requirements of all parties.

On September 12, 2002, the Standing Policy Committee on Property and Development concurred in the foregoing administrative recommendations, with the amendment of delegating to the Chief Administrative Officer (versus the Director of Planning, Property and Development) the authority to finalize the terms and conditions of the lease.

Pursuant to Section 156(2) of The City of Winnipeg Act, all lease of property designated or acquired for park purposes requires approval of at least two-thirds majority of the Members of Council.

The Standing Policy Committee on Property and Development recommends:

I. That the proposed lease with Russell Martin, to establish a skate sharpening operation in the River Heights Community Centre, be approved in principle, in accordance with the terms and conditions as negotiated.

II. That the Chief Administrative Officer be delegated the authority to finalize the terms and conditions of the lease in a manner satisfactory to the City Solicitor/Manager of Legal Services.

III. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing, including the execution of any documents related thereto.