Report - Standing Policy Committee on Property and Development – September 5, 2006

Item No. 25 Prendergast Centre - 906 Cottonwood Road - Sub-Lease Agreement File FI-2.2(35)

STANDING COMMITTEE RECOMMENDATION:

On September 21, 2006, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submits the following to Council:

1. That the City enter into a Sub-Lease Agreement with the Prendergast Centre Association Inc. in accordance with the terms and conditions outlined in Schedule "A" to the report from the Director of Planning, Property and Development dated August 15, 2006, at $1.00 per annum plus a municipal contribution of $22,167.00 to operations consisting of existing budgeted funds of $12,167.00 and a new appropriation of $10,000.00 per annum for 2006.

2. That the Standing Committee on Fiscal Issues identify a funding source for the new appropriation in the amount of $10,000.00 for 2006.

3. That the requirement for providing an amount of $10,000.00 per annum to assist with additional operational costs in the years 2007 through 2010 be referred to the Operating Budget Process.

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

Agenda – Council – September 27, 2006

Report - Standing Policy Committee on Property and Development – September 5, 2006

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 21, 2006, 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 September 5, 2006, 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: **Prendergast Centre – 906 Cottonwood Road – Request to Enter into a Sub-Lease Agreement with the Prendergast Centre Association Inc.**
Riel Community
St. Boniface Ward

FOR SUBMISSION TO: Standing Policy Committee on Property and Development

ORIGINAL REPORT SIGNED BY: Director of Planning, Property and Development

REPORT DATE: **August 15, 2006**

RECOMMENDATION:

1. That the City enter into a Sub-Lease Agreement with the Prendergast Centre Association Inc. in accordance with the proposed terms and conditions contained herein at $1.00 per annum, plus a municipal contribution of $22,167 to operations consisting of existing budgeted funds of $12,167 and a new appropriation of $10,000 per annum for 2006, which upon approval of this recommendation, is to be referred to the Standing Policy Committee on Fiscal Issues for identification of a funding source.
2. That the requirement for providing an annual grant of $10,000 per annum in years 2007 through 2010 be referred to the City's Current Budget Process.
3. That the Proper Officers of the City be authorized to do all things necessary to achieve the intent of the foregoing.

Report Summary

Key Issues:

- In 1984, Council approved the terms and conditions for a Tri-Party Lease Agreement between the St. Boniface School Division (Division), the Prendergast Association Centre Inc. (Centre) and the City, to create and operate a community service facility in the Windsor Park Community. The Centre has been in operation for approximately 21 years and provides a variety of community programs including three daycares, two senior centres, a community support group, and alternative schooling and recreation programs in the gymnasium.

- In early 2005, the Centre advised the Division that a major roof repair was required at 906 Cottonwood Road. The Division advised the Centre that it did not have funding to finance the roof repair. The Division subsequently reviewed the need for the building and gave consideration to declaring the building surplus to its requirements and its disposal. In August 2005, the Division made a decision to retain ownership of the building and to extend terms and conditions for a new five-year lease agreement to the Centre subject to the condition that the Association assume all responsibility to repair or replace all structural components of the building, including the roof, which was the responsibility of the Division in the original lease agreement.

- The Centre was successful in obtaining capital funding of $191,500 to complete the roof repairs, which was comprised of the following: Prendergast Centre Association Inc. Board $30,000; Louis Riel School Division $20,000; Winnipeg Foundation $25,000; Thomas Sill Foundation $15,000; Manitoba Urban Initiative $20,000 (2005) and $67,500 (2006) and Lotteries Foundation $14,000. The roof restoration project has now been completed.

- The Louis Riel School Division and the Prendergast Centre Association Inc. entered into a Lease Agreement dated February 6, 2006 for the use of the Prendergast Centre as a Neighbourhood Resource Centre.

- The Prendergast Centre Association Inc. made a request to the City to provide annual financial support towards the operations of the Centre equal to the City's previous support of the Centre under the former Lease Agreement.

- The Administration examined the City's previous support to the Prendergast Centre since 1984, as well as support to other comparable facilities, and recommends that annual financial assistance be provided to the Prendergast Centre Association Inc. in the amount of $22,167 and recommends entering into a Sub-lease Agreement with the right to continue booking the use of the athletic fields.

Implications of the Recommendation(s):

General Implications

( ) None

( ) For the organization overall and/or for other departments

(x) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s):

The Prendergast Centre provides social and recreational services within the St. Boniface Community and is well utilized by the Local Community.

Policy Implications

(x) No

( ) Yes

Comment(s):

Regulatory Implications

(x) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(x) No

( ) Yes

Comment(s):

Human Resources Implications

(x) No

( ) Yes

Comment(s):

Financial Implications

( ) Within approved current and/or capital budget

(x) Current and/or capital budget adjustment required

Comment(s):

Additional mill rate support in the amount of $10,000 would need to be added to the Planning, Property and Development Department current budget.

Report

REASONS FOR THE REPORT:

By this Report, the Department is seeking Council approval for the continued support of the Prendergast Centre and approval of the proposed terms and conditions for a Sub-lease Agreement with Prendergast Centre Association Inc.

Pursuant to By-law 7100/97 s.9.1, the Standing Policy Committee on Fiscal Issues may approve additional appropriations to an operating budget including approval of reallocations of funds provided in an operating budget of the city for a purpose other than that set out in the budget, and approval of additional operating expenditures.

Pursuant to By-law 7100/97 s.11(e), the Standing Policy Committee on Property and Development has delegated authority to approve the terms and conditions for the leasing of City-owned property.

HISTORY:

At its meeting held on January 18, 1983, Council confirmed its support for the establishment of the Prendergast Centre and of the proposed terms and conditions for a Tri-Party Lease Agreement between the St Boniface School Division, the Prendergast Centre Association Inc. and the City as follows:

Lessor	St. Boniface School Division
Lessee:	Prendergast Centre Association Inc.
Third Party:	City
Rent:	$1.00 per annum plus G.S.T.
Realty Taxes:	City to pay realty taxes on land and buildings
Term:	Ten (10) years, three five (5) year renewals
Plan:	65/84
Leased Land:	906 Cottonwood Road
Purpose:	Community service facility
Zoning:	PR
Insurance:	Lessee to provide Comprehensive General Liability $2.0 million
Commencement date:	June 1, 1984 to May 30, 1994
Termination:	Upon 180 days notice in writing by the Lessor or Lessee
Lessor Resp:	Maintenance of structural building components
Lessee Resp.:	Payment of local improvement levies, license fees and business tax, operating costs of facility and programs, maintenance of leased premises (land and buildings) and indemnification
City Resp:	Payment of realty taxes, maintenance and landscaping of demised lands, removal of stored snow from parking area and provision of all risk property policy.

In 1994, the Centre executed its renewal option for the period between June 1, 1994 and May 30, 2004.

In the winter of 2004/05, the Centre and the Louis Riel School Division contacted the City regarding the condition of the roof and required repairs.

By letter dated March 17, 2005, the Louis Riel School Division terminated the Renewal Agreement and advised the Lessee that it was now on a month-to-month tenancy.

By letter dated September 1, 2005, the Louis Riel School Division provided a new five year (5) Lease Agreement to the Centre for signature. The Agreement was subsequently forwarded to the City for execution.

By letter dated February 23, 2006, the Prendergast Centre Association Inc. made a request to the Planning, Property and Development Department for an annual financial contribution to offset operating expenses equivalent to the previous City financial support provided to this Association.

DISCUSSION:

1. Prendergast Centre:

As identified on the attached Misc. Plan 12744, the Centre is located at 906 Cottonwood Road, in St. Boniface. It is comprised of a +/- 31,083 sq.ft school building with a gymnasium, a large +/- 4.69 acre landscaped site with baseball diamonds, softball diamonds, and a parking lot.

Since 1984, the Centre has been utilized as a community service facility and provides social and recreational services and programs within the local community. A Board of Directors oversees the management of the Centre and currently has the following tenants:

• Little People's Place	Daycare	150 children/21 staff
• Little Bo Peep	Daycare	85 children/23 staff
• Windsor Park Children's Care Centre	Daycare	69 children/12 staff
• Prendergast Seniors	Seniors	134 members
• Club Vive La Joie	Seniors	85 members
• Windsor Park/ Southdale Group	Support Group	36 members
• Transition for Success	Alternative Schooling	10 students/ 4 staff
• Evening User Groups (gymnasium users)	Karate, Floor Hockey Soccer, Softball	
• Athletic Fields	Softball bookings through Community Services	

Administration Comments:

Following the establishment of the Centre in 1984, the City had an ongoing relationship with the Prendergast Centre. A City Representative routinely attended the Centre meetings and facilitated assistance to the organization.

Following the Civic Re-organization in 1997, the Centre has operated independently of the City. The Community Services Department advises the following:

- that it no longer has a working relationship with the Prendergast Centre Association Inc.;

- that the proposed agreement does not involve a City-owned or joint-use site;
- that the contents of the agreement do not relate to the Community Services Department's operations; and
- that the Community Services Department only books the athletic fields on behalf of the Parks and Open Space Division of Public Works Department and, therefore, does not see this as something the Community Services Department would be directly involved with.

The facility appears to be well utilized by various groups within the community.

2. Lease Agreement between the Louis Riel School Division and the Prendergast Centre Association Inc.:

In September 2005, the Louis Riel School Division circulated a new five (5) year Tri-Party Lease Agreement to the City for signing. Between October 2005 and February 2006, the Administration met and discussed the future potential City involvement and support for the Prendergast Centre.

In February 2006, the Prendergast Centre Association Inc. advised the City that it required a new Lease Agreement in order to access capital funds from various groups to pay the Contractors who performed the roof repairs. To meet this requirement, the Prendergast Centre Association Inc. and the Louis Riel School Division entered into a Lease Agreement as summarized in the attached Schedule "A".

By letter dated February 23, 2006, the Prendergast Centre Association Inc. made a request to the Planning, Property and Development Department for annual financial support to offset operating expenses equivalent to the previous City financial support of this Association in the original Tri-Party Lease Agreement.

Administration Comments:

Between 1984 and 2005, the City provided support to the operation of the Prendergast Centre as follows:

- required to pay the annual realty taxes for the Prendergast School as per original Lease Agreement from the Corporate Account for Realty Taxes (City paid annual realty taxes up to 2003 and Louis Riel School Division paid in 2004 and 2005 – an adjusting entry may be required);
- provided site maintenance services to the Prendergast Centre including grass cutting, snow removal, weed control, parking lot maintenance and sewer steaming; and
- was required to provide replacement cost property insurance for the Prendergast School Building.

During the period between October 2005 and February 2006, the Administration reviewed the City's involvement at the Prendergast Centre and at other Neighbourhood Resource and Senior Centre sites and made the following observations:

- By comparison with other Senior Centres and Neighbourhood Resource Centres who receive a City subsidy, the subject request would be considered equitable and modest relative to the City's contribution to other neighbourhood resource and senior centers

such as Magnus Eliason, West Broadway, Good Neighbours, Transcona Retired Citizens and Dufferin Seniors. In the above instances, the City provides replacement cost property insurance at no cost to the groups and exempts these groups from the payment of realty taxes;

- It is not the City's standard practice to pay realty taxes for Tenants of non City-owned buildings;

- It is not in the best interest of the City to provide replacement cost property insurance for a third party;

- The Community Services Department is booking the use of the athletic fields at the Prendergast School site for local baseball and soccer purposes; and,

- The Public Works Department provides maintenance and landscaping of demised lands and removal of stored snow from parking area.

As such, the Administration is supportive of entering into a Sub-lease Agreement with the Prendergast Centre Association Inc. in accordance with the following particulars:

Lessee:	Prendergast Centre Association Inc.
Sub-Lessee:	City of Winnipeg
Rent:	$1.00 per annum plus GST and City to reimburse the Tenant for the use of the athletic fields via in kind site maintenance, and, to provide annual financial support in the amount of $22,167 to offset operating expenses at the Centre
Realty Taxes:	Lessee
Term:	Five (5) years
Misc. Plan:	12744
Leased Land:	4.69 ac (Land only)
Insurance:	City to provide Comprehensive General Liability coverage for the use of the Leased Lands, excluding the building, in a Form and Limit acceptable to the Louis Riel School Division.
Purpose:	Athletic Fields
Zoning:	PR
Commencement Date:	September 1, 2005
Termination:	Upon 180 days notice in writing by the Lessor or Lessee
Sub-Lessee Resp.:	Provision of annual financial support in the amount of $22,167 as a contribution to the operation of the Prendergast Centre to offset certain operating costs, which the City previously paid for in the 1999 renewal agreement, and to provide maintenance and landscaping of demised lands and removal of stored snow from parking area and the right to rent and take bookings for the athletic fields.

Currently, the Planning, Property and Development Department's current budget includes an amount totaling $12,167 each year for the Prendergast Centre. Additional mill rate support of $10,000 per year would need to be added to the Department Budget in order to provide $22,167 in annual financial assistance to the Prendergast Centre.

The Sub-lease would also contain a provision wherein the Public Works Department would perform certain services related to grounds maintenance. The cost of these services is included in the Public Works Department's current budget and would not require an additional appropriation.

Financial Impact Statement

Date: August 11, 2006

Project Name:
Prendergast Centre

First Year of Program 2006

	2006	2007	2008	2009	2010
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	$ 22,167	$ 22,167	$ 22,167	$ 22,167	$ 22,167
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 22,167	$ 22,167	$ 22,167	$ 22,167	$ 22,167
Less: Existing Budget Amounts	12,167	12,167	12,167	12,167	12,167
Net Budget Adjustment Required	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000

Additional Comments:
Additional mill rate support in the amount of $10,000 would be required to offset incremental direct costs should the recommendations in this report be implemented.

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

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Community Services Department

Public Works Department

Corporate Finance Department

Legal Services Division – as to legal issues

External Consultation With:

Louis Riel School Division

Prendergast Centre Association Inc.

THIS REPORT SUBMITTED BY:

Department:	Planning, Property and Development
Division:	Real Estate
Prepared by:	D. Armstrong
PPD File No.	4254/26

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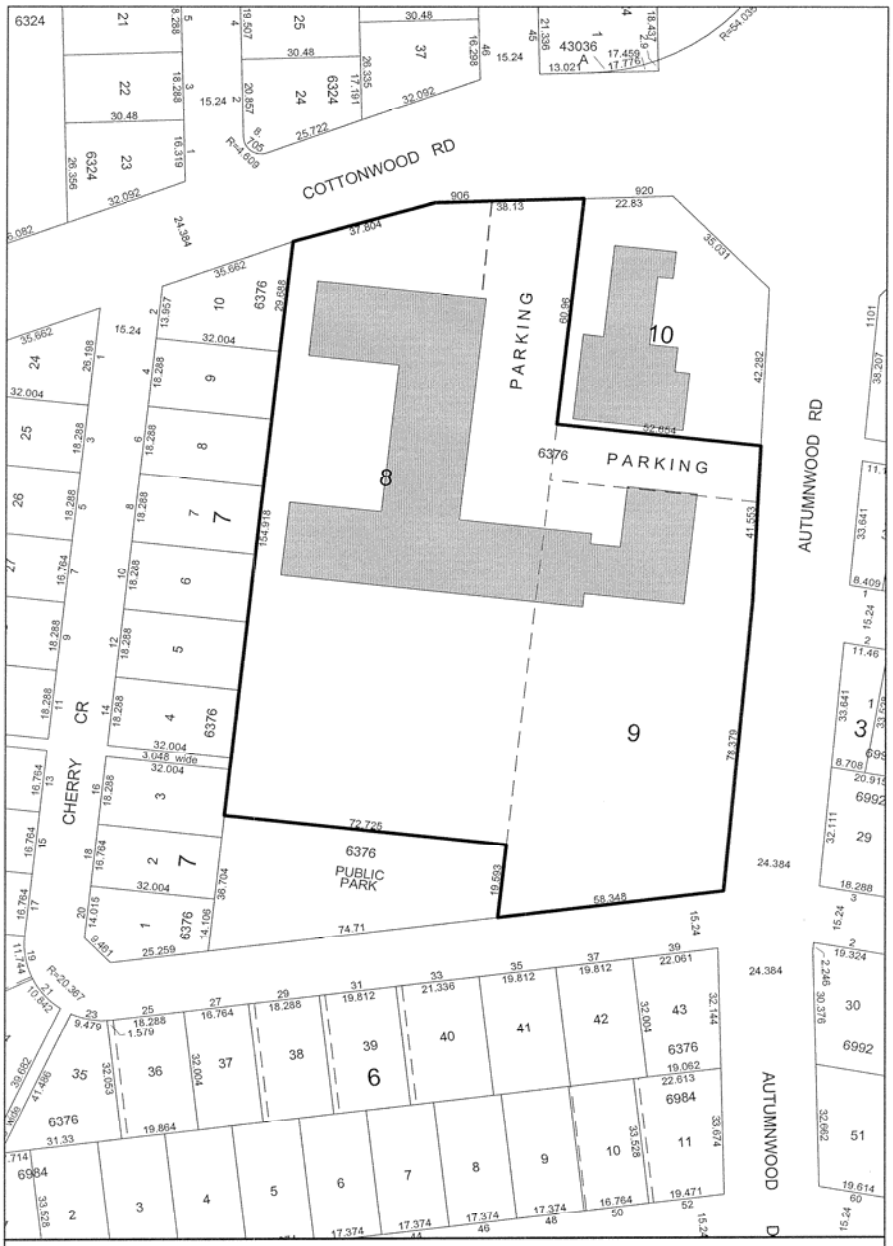

Date: 2005-NOV-08
District: RIEL
File: 4254 / 26
Scale: 1:1250

METRIC

NOTE:
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CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES

MISC. PLAN NO. 12744

Schedule "A"

Lessor:	Louis Riel School Division
Lessee:	Prendergast Centre Association Inc.
Rent:	$1.00 per annum plus GST
Realty Taxes:	Lessee to pay realty taxes on land and buildings
Term:	Five (5) years
Misc. Plan:	12744
Leased Land:	906 Cottonwood Road(School building +/-31,083 and land 4.69ac)
Purpose:	Community service facility
Zoning:	PR
Insurance:	Lessee to provide Comprehensive General Liability $3,000,000
Commencement Date:	September 1, 2005
Termination:	Upon 180 days notice in writing by the Lessor or Lessee
Lessor Resp:	May contribute to the cost of repair and maintenance to the structural building components and non-structural components
Lessee Resp.:	Maintenance of structural building components, payment of local improvement levies, license fees and business tax, operating costs of facility and programs, maintenance of leased premises (land and buildings) and indemnification, Payment of municipal and school taxes, maintenance and landscaping of demised lands, removal of stored snow from parking area and provision of all risk property policy for full replacement cost with a deductible of $500.00 and the right to book athletic fields.