Agenda - Council - July 22, 2009

Report - Standing Policy Committee on Property and Development – July 13, 2009

Item No. 9 Lease Agreement - 325 Talbot Avenue - Youth for Christ (Elmwood/East Kildonan Ward) eFile FI-2.2(33)

STANDING COMMITTEE RECOMMENDATION:

On July 15, 2009, 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 an annual continuing Lease Agreement, in favour of Youth for Christ, to use the former City Firehall located at 325 Talbot Avenue, shown as 'Leased Area' on Misc. Plan No. 6092/1, be approved in accordance with the terms and conditions outlined on Schedule A of the Public Service report dated June 25, 2009; the Agreement to provide for such other terms and conditions as are deemed necessary by the Director of Planning, Property and Development and by the Acting City Solicitor/Manager of Legal Services to protect the City's interests.

2. That the Council Policy adopted October 31st, 1990 respecting the Sale or Lease of City lands to non-profit organizations requiring "That where lands are made available at less than market value that they revert back to the City at the conclusion of the economic life of the project" be waived in this instance.

3. 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.

Agenda - Council - July 22, 2009

Report - Standing Policy Committee on Property and Development – July 13, 2009

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 15, 2009, 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 July 13, 2009, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

ISSUE: **Proposed Lease Agreement in favour of Youth for Christ for the Purpose of a Non-denominational Christian Youth Ministry at 325 Talbot Avenue**

East Kildonan/Transcona Community, Elmwood/East Kildonan Ward

Critical Path: **Standing Policy Committee on Property and Development – Executive Policy Committee – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Klassen	D. Joshi	M. Ruta	P. Sheegl Deputy CAO

RECOMMENDATIONS

1. That Council approve an annual continuing Lease Agreement, in favour of Youth for Christ, to use the former City Firehall located at 325 Talbot Avenue, shown as 'Leased Area' on Misc. Plan No. 6092/1 attached, in accordance with the terms and conditions outlined on attached Schedule A; the Agreement to provide for such other terms and conditions as are deemed necessary by the Director of the Planning, Property and Development Department and by the City Solicitor/Manager of Legal Services to protect the City's interests.
2. That the Council policy adopted October 31st, 1990 respecting the Sale or Lease of City lands to non-profit organizations requiring "That where lands are made available at less than market value that they revert back to the City at the conclusion of the economic life of the project" be waived in this instance.
3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

IMPLICATIONS OF THE RECOMMENDATIONS

- The Department has determined that there are no policy, regulatory, environmental or human resource implications to the lease of these lands as set out in the attached Schedule A.

- The terms and conditions contain the option by Youth for Christ to purchase the subject property for $1.00.

- The sale of 325 Talbot Avenue to Youth for Christ (YFC) for $1.00, would allow YFC to resell the property and use those proceeds for development of a new facility.

HISTORY

Youth for Christ is a non-profit, non-denominational Christian organization that ministers to the youth of the City of Winnipeg. YFC has 55 full time staff and over 300 volunteers working with approximately 4,500 youth in 15 different programs operating in facilities located throughout Winnipeg.

YFC has occupied the City-owned property located at 325 Talbot Avenue since July 1985 via lease agreement dated July 9, 1985 and an amended agreement dated May 30, 1996. YFC's lease expires on August 31, 2009, with no option to renew.

YFC currently pays $1.00 per annum rent as well as municipal and school taxes. The current lease agreement provides for the option to purchase 325 Talbot for $58,000. YFC has developed a plan to expand its programs to serve up to 10,000 youths by the year 2015. To accomplish this goal, YFC intends to centralize all its programs into one facility located in the core area of the city.

YFC is asking that the City transfer title of this property to them for $1.00 in order to use the proceeds of a sale of the lands for the development of their new facility. YFC currently has accumulated $900,000 in relocation funds for this development.

YFC's annual income is in excess of $3 million and the organization is presently working with CentreVenture to acquire land to develop a multi-use facility.

YFC's current lease has an option, to purchase the subject property for $58,000, which YFC would like to retain should a new facility not be developed.

The Planning, Property and Development Department prepared the proposed terms and conditions for a new Lease Agreement as referenced in the attached Schedule "A". Youth for Christ agreed to the proposed terms and conditions on June 25, 2009.

FINANCIAL IMPACT

Financial Impact Statement

Date: July 7, 2009

Project Name:

Proposed Lease Agreement in favour of Youth for Christ for the Purpose of a Non-denominational Christian Youth Ministry

COMMENTS:

The recommendation contained in this report is that Council approve an annual continuing Lease Agreement, in favour of Youth for Christ, to use the former City Firehall located at 325 Talbot Avenue, shown as 'Leased Area' on Misc. Plan No. 6092/1 attached, in accordance with the terms and conditions outlined on attached Schedule A; the Agreement to provide for such other terms and conditions as are deemed necessary by the Director of the Planning, Property and Development Department and by the City Solicitor/Manager of Legal Services to protect the City's interests.

While there are no financial implications associated with this recommendation other than a nominal $1 in annual rent, it should be noted that the proposed lease agreement includes a special condition providing the tenant with the option to purchase the site for $1 (the current lease includes an option allowing them to purchase the site for $58,000); as such, the proposed lease includes an opportunity cost to the City in terms of foregone future sale proceeds (note: the current assessed market value of 325 Talbot is $150,000).

"Original Signed By"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this Report there was consultation with:

Corporate Finance, Risk Management Division

SUBMITTED BY

Department	Planning, Property and Development
Division	Real Estate
Prepared by	Kelly Udell
Date:	June 25, 2009
File No.	2114

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PROPOSED TERMS AND CONDITIONS
325 Talbot Avenue
(Shown as “Leased Area” on attached Misc. Plan No. 6092/1)

Use:	For the purpose of housing a non-denominational Christian agency (Youth for Christ) ministering to youth; including offices, classrooms and recreational facilities. The Leased Area is to be used only and not for any other purpose except as described above, without the prior written consent of the City.
Initial Term:	Annual Continuing, commencing on September 1, 2009.
Annual Rental:	$1.00 per annum, plus GST.
Realty Taxes:	The tenant is responsible for paying all realty taxes, which shall be billed directly to the tenant.
Other Fees, Licenses, Taxes etc:	All license fees, business tax, etc. which may be charged in respect of the use and occupation of the Leased Area.
Insurance:	The Lessee shall provide and maintain the following insurance coverage at all times during the duration of the contract.

Commercial general liability insurance, in the amount of at least two million dollars ($2,000,000.00) inclusive, with The City of Winnipeg added as an additional insured; such liability policy to also contain a cross-liability clause, tenant’s legal liability and products and completed operations cover;

An All Risk property insurance policy, for the full replacement cost insuring all buildings, contents, equipment and tenant’s improvements; Policy to include the City as an additional named insured;

If required, Boiler and Machinery Breakdown insurance policy, for the full replacement cost of the facility and all boilers, pressure vessels (fired and unfired), air-conditioning equipment, mechanical and electrical equipment, transformers, electrical switch gears, motors, compressors, refrigeration equipment and miscellaneous electrical apparatus owned or operated by the Landlord; Policy to include the City of Winnipeg as an additional named insured;

Automobile liability insurance for owned and non-owned automobiles used for or in connection with the Lease in the amount of at least two million dollars ($2,000,000.00) to remain in place at all times during the full term of the Lease Agreement; such insurance may be met through the commercial general liability cover where applicable;

All policies shall be taken out with insurers licensed to and carrying on business in the Province of Manitoba;

Deductibles shall be borne by the Lessee;

The Lessee shall not cancel, or cause any such policy or policies to

lapse without a minimum thirty (30) days prior written notice to the City;

The Lessee shall provide written notice to the City of Winnipeg of any material changes to their policies within thirty (30) days of the change taking effect;

The Lessee shall file with the City an annual Certificate of Insurance in a form satisfactory to the City Solicitor;

The City shall have the right to alter the limits and/or coverages as reasonably required from time to time during the continuance to this Lease Agreement and for any subsequent renewals thereof, provided that the City shall give the Lessee reasonable notice and shall request reasonable change.

Cancellation: 90 days written notice by the City, or immediately upon the tenant being in default of the proposed terms and conditions of the Lease Agreement.

Option to Purchase: Youth for Christ is currently working to acquire land to develop a multi-use facility in the center of Winnipeg. Should Youth for Christ be successful in entering into an agreement to develop a new facility, the City agrees to sell the building (Leased Area) located at 325 Talbot to Youth for Christ for the sum of $1.00.

Other: The maintenance of the "Leased Area" will be performed at the sole cost, expense and effort of the tenant, in order to occupy and utilize the Leased Area for its intended use.
The tenant takes the Land on an "as is" basis.
All tenant improvements to be performed at the sole cost, expense and effort of the tenant, subject to prior approval by the City.
Any other terms and conditions as are deemed necessary by the Director of the Planning, Property and Development Department, and by the City Solicitor/Manager of Legal Services to protect the City's interests.
The proposed terms and conditions are subject to final approval by the City of Winnipeg's Council, or its delegated authority.

I, John Courtney, on behalf of Youth for Christ, hereby agree to enter into a lease agreement with the City of Winnipeg for the use of the property identified as "Leased Area" on the attached Misc. Plan No. 6092/1 and in accordance with the terms and conditions as outlined herein on this Offer to Lease.

_____ _____

Agent for Youth for Christ Date

3. That Council approve an annual continuing Lease Agreement, in favour of Youth for Christ, to use the former City Firehall located at 325 Talbot Avenue, shown as 'Leased Area' on Misc. Plan No. 6092/1 attached, in accordance with the terms and conditions outlined on attached Schedule A; the Agreement to provide for such other terms and conditions as are deemed necessary by the Director of the Planning, Property and Development Department and by the City Solicitor/Manager of Legal Services to protect the City's interests.
4. That the Council policy adopted October 31st, 1990 respecting the Sale or Lease of City lands to non-profit organizations requiring "That where lands are made available at less than market value that they revert back to the City at the conclusion of the economic life of the project" be waived in this instance.
5. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.