

## Community Association Leases

<b>Date</b>	January 20, 2021
<b>To</b>	Executive Committee
<b>From</b>	Financial Strategy & Sustainability
<b>Service Area</b>	Land, Real Estate & Facilities
<b>Item No.</b>	EX21-6

### RECOMMENDATION

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The Executive Committee recommends that City Council:

1. Approve the leases of City-operated space to the respective Community Associations/Zone Boards as outlined in this report.
2. Authorize Administration to finalize any other commercially relevant terms and conditions of the lease documents.
3. Instruct the City Clerk to execute the Lease Agreement documents as prepared by the City Solicitor.
4. Approve these recommendations at its meeting on January 27, 2021.

### ISSUE

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The City of Regina (City) currently provides space to three Community Associations and one Zone Board operating out of City-operated facilities. These groups have been operating without formal lease agreements. The City's Real Estate Branch is working to finalize lease agreements with all four ensuring the responsibilities of the City and the groups are clearly documented going forward.

The Community Associations and Zone Board that require formal leases with the City are:

- Heritage Community Association (HCA)
- Cathedral Area Community Association (CACA)

- Al Ritchie Community Association (ARCA)
- Regina West Zone Recreation and Community Service Development Board Inc.

One of these groups, the Al Ritchie Community Association, also has a separate lease for a federally funded wellness centre located within the same building that is currently up for renewal.

Administration is recommending the approval of four (4) leases at no charge except for costs associated with parking, and the approval of one (1) lease at less than fair market related to the wellness centre that receives federal funding.

As the proposed leases are below fair market value and the leased space will not be made publicly available, they require City Council approval pursuant to Section 4 of *The Regina Administration Bylaw 2003-69*.

## **IMPACTS**

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### **Accessibility Impact**

The groups currently operating within these facilities have been located there for several years. The locations are all within existing community centres that provide for easy public access and accessibility for people with mobility challenges.

### **Financial Impact**

Four of the five leases are at zero cost to the Lessee. This allows the groups' funding to be used wholly for programming as opposed to paying for the lease of space. This is consistent with past practices. There is no charge to the groups for operational costs as the buildings are being operated as City facilities. Currently, Heritage Community Association (HCA) pays approximately \$1,550 for utilities annually; however, those costs have been waived within the recommended formal lease to ensure consistency across all leases and ensure the Associations' core operations are fully supported. Three of the four organizations - ARCA, CACA and the HCA - have requested designated parking spaces at their respective locations. Both the ARCA and the CACA are requesting one parking space and the HCA is requesting two. Each space will be charged at a cost of \$13 bi-weekly.

The ARCA also leases 950 square feet of space that is specific to the federally funded Wellness Centre they operate. The funding provided includes costs for rental space. The proposed lease rate is \$14,200 + GST per annum, which is below the current market value of \$17,016 +GST. Without the federal funding provided for the Wellness Centre, ARCA would not be leasing this space. The lease provides for a renegotiation of the annual rental upon each renewal term, although funding for the space is limited by the federal government and may not fully support the market value of the rental space.

### **Policy/Strategic Impact**

The City has a long-standing commitment to community associations and zone boards. They provide valuable community development services by offering a foundation for growth,

community engagement and sustainable community ownership for creative, positive events in local neighbourhoods. City Council supports the Community Investment Grants Program through which strong support for the Associations has been committed for many years.

The City recognizes the important work of Community Associations. Providing rent free space demonstrates our commitment to Social Development priorities within Design Regina: The Official Community Plan.

- Promote and enhance social sustainability by recognizing that quality of life in a community depends on both its physical and community resources.
- 13.1- Develop community resources to provide opportunities for social activities, events and programming for Regina Residents.
- 13.3- Encourage the use of activity centres, open space, community resources and other areas within the public realm for neighbourhood gatherings.
- 13.4- Collaborate with partners and the community to identify required social programs and services to address the diverse needs of residents, including the most vulnerable populations.

The continued leasing of these properties to the respective groups offers stability to the citizens of Regina.

## **OTHER OPTIONS**

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### **Option 1**

Approve all four (4) leases at no cost including providing the parking spots at no cost and approve one (1) lease at less than fair market value due to federal funding constraints. This is not the recommended approach as it is not consistent with the agreements that we have with other community associations. Charges for parking are consistent with our approach for City employees and consistent with our agreement with Mobile Crisis. Parking is also not a requirement for the groups' core operations therefore is not provided free of charge. The recommendation requiring paid parking also supports the Community Association Review recommendations taken to and approved by City Council. A level of consistency was created by providing additional funds for each group to make decisions about what was important for their members, volunteers and staff.

### **Option 2**

Charge fair market value for all leases. With all spaces taken into consideration, charging fair market value would equate to annual revenues in the amount of approximately \$100,275 plus operating costs. This is not the recommended option as it would cause financial hardship that would curtail most, if not all, of their activities. Much of their revenue comes from City grants and fees associated with their programming.

## **COMMUNICATIONS**

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Public notice is required for City Council to approve the lease of City-owned property without a public offering and below market value. Notice regarding this proposal will be advertised in accordance with public notice requirements.

All four groups will be informed of the decision made by Council.

## **DISCUSSION**

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The HCA has been the tenant at 1654 11<sup>th</sup> Avenue (Old #1 Fire Hall) subject property for at least the last 25 years. HCA occupies approximately 2,797 square feet that includes offices, a kitchen and storage room. They will also be provided with two designated parking spaces.

The ARCA has been at 2230 Lindsay Street (Core Ritchie Neighbourhood Centre) for at least the last 17 years. They occupy approximately 2,650 square feet that includes office and the upstairs mezzanine. ARCA will also be provided with one designated parking space. ARCA also occupies approximately 950 square feet for its wellness centre. This area is provided funding through federal public funds.

The Regina West Zone Recreation and Community Service Development Board Inc. has been a tenant of 1127 N Arnason Street (North West Leisure Centre) for several years. It occupies approximately 150 square feet of office space and has access to storage space within the building.

The CACA has been a tenant of 2900 13<sup>th</sup> Avenue (Cathedral Neighbourhood Centre) for several years. CACA will also be provided with one designated parking space. It occupies approximately 490 square feet of space that includes office space.

All the proposed leases have been prepared and reviewed by the City Solicitor's office and have been reviewed by the community associations and zone board to ensure they meet their needs. Each lease has an initial term of five years with one option to renew for a second five-year term. The exception to this is the lease for the ARCA's wellness centre. This lease is an initial three-year term with an option to renew for two additional three-year terms. Each renewal will be offered under the same terms and conditions as the initial lease except for the federally funded wellness centre for ARCA. The lease rate for this area will be reviewed and renegotiated upon each notice of renewal.

The City's relationship with these four groups differs from other Community Associations operating in city-owned facilities. These four groups do not operate the centre in which they reside and are simply leasing space from us. These buildings are fully staffed and operated by the Land, Real Estate & Facilities department. Other Community Associations have Community Centre Operating Agreements; there are no City staff within those buildings which are fully operated by the Community Association.

**DECISION HISTORY**

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The recommendation(s) contained in this report require City Council approval.

Respectfully Submitted,

Respectfully Submitted,



Shauna Fzdel, A, Exec. Dir., Financial Strategy & Sustainability

1/8/2021



Barry Lacey, Exec. Director, Financial Strategy & Sustainability

1/15/2021

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