



PB Impressions in Thread Lease – 950 Arcola Ave

Date	May 11, 2022
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Land, Real Estate & Facilities
Item No.	EX22-59

RECOMMENDATION

The Executive Committee recommends that City Council:

1. Approve the City of Regina (City) entering into an agreement for the lease of City-owned property located at 950 Arcola Avenue (identified on the attached Appendix A) to PB Impressions in Thread Ltd., consistent with the terms and conditions stated in this report.
2. Delegate authority to the Executive Director, Financial Strategy & Sustainability or their designate, to negotiate any other commercially relevant terms and conditions, as well as any amendments to the agreement that do not substantially change what is described in this report and any ancillary agreements or documents required to give effect to the agreement.
3. Authorize the City Clerk to execute the agreement upon review and approval by the City Solicitor.
4. Approve these recommendations at its meeting on May 18, 2022, following the required public notice.

ISSUE

PB Impressions in Thread Inc. (Impressions in Thread) has continuously leased the subject property located at 950 Arcola Avenue (identified on the attached Appendix A), from the City of Regina (City) since 2013, when the City purchased the property. Their most recent lease has expired. Thread Inc.

was originally planning on vacating the property, but upon further review wishes to continue leasing the land from the City.

When considering the lease of City-owned property, standard procedure for Administration is to ensure that the property is made publicly available and leased at market value. In this lease, the land is being provided without a public offering, which requires City Council approval. It is recommended that City Council approve the City entering into a lease agreement with the existing tenant, Impressions in Thread for continued occupancy of this property.

IMPACTS

Financial Impacts

The proposed annual lease rate agreed to is \$35,080 plus GST with an annual increase of three per cent each year on the anniversary date. The lessee is also responsible for insurance, maintenance and operations of the property and all property tax assessed. The property tax is estimated at \$11,000 annually. The lease rate is at market rate based on an appraisal by an Accredited Appraiser Canadian Institute (AACI) appraiser from Brunsdon Lawrek and Associates.

Environmental Impacts

The recommendations in this report have limited direct impacts on energy consumption and greenhouse gas emissions.

OTHER OPTIONS

The City could choose to not lease the property to Impressions in Thread and publicly advertise the property for lease. This is not recommended as it would require a locally owned business that has occupied this location for over 30 years to relocate. Furthermore, the demand for a retail lease property with a restricted term due to the eventual widening of Arcola Avenue would be limited. If unable to lease, the City would lose annual lease revenues and incur the cost of maintaining the building.

COMMUNICATIONS

Public notice is required for City Council to approve the lease of City-owned property without public offering. Notice regarding this proposal has been advertised in accordance with *The Public Notice Policy Bylaw 2020*.

Impressions in Thread will be informed of any decision of the Executive Committee and City Council.

DISCUSSION

The property located at 950 Arcola Avenue is part of the City-owned land located adjacent to Arcola Avenue that is held by the City for the future redevelopment and widening of Arcola Avenue. The property was acquired in 2013 for the eventual widening/redevelopment of Arcola Ave. Impressions in Thread was a tenant on the property when the City acquired it and has been in the same location for at least 30 years. The lease that was assumed upon the acquisition of the property had an initial term that expired in 2016, but offered an option to renew for an additional five years. In 2016, Impressions in Thread exercised this option with a five-year lease agreement that expired on August 31, 2021.

The proposed lease is for the land and building located at 950 Arcola Avenue as shown on the attached Appendix A. The subject area is approximately 32,979sq.ft. with a 3,350sq.ft. retail building. The proposed annual lease rate is \$35,080 with an annual increase of three per cent each year on the anniversary date. The lessee is also responsible for insurance, standard maintenance and operations of the property in addition to all property tax assessed. The City has agreed to replace the existing furnace in the building when required and has agreed to reimburse the lessee for an amount equal to one-half the cost of replacement of the front doors of the building. The proposed lease is for an initial five-year term with one option to renew for an additional five-year term. The lease provides for a one-year termination notice should the City choose to move forward with the redevelopment and widening of Arcola Avenue earlier than currently proposed.

Administration is recommending approval of the lease.

DECISION HISTORY

This lease has never been before City Council.

Respectfully submitted,

Respectfully submitted,



Shaun Bzdel, Director, Land, Real Estate & Facilities

4/13/2022



Barry Lacey, Exec. Director, Financial Strategy & Sustainability

4/27/2022

Prepared by: Sherri Hegyi, Real Estate Officer

ATTACHMENTS

Appendix A - Lease Area