



Proposed Lease Amendment (Sunalta) – Ward 8 (1920 Pumphouse RD SW) IP2023-0638

06/07/2023

Administration's Recommendations

That the Infrastructure and Planning Committee recommends that Council:

1. Authorize the Recommendations as outlined in Attachment 3; and
2. Direct that the Closed Meeting discussions, report, and attachments be held confidential pursuant to Sections 23 (Local public body confidences), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the Freedom of Information and Protection of Privacy Act until the lease amending agreement has been executed.

Previous Council Direction

UCS2020-0128 (Consent Agenda)

Proposed Lease Amendment (Sunalta) – Ward 08 (1920 Pumphouse RD SW)

ADMINISTRATION RECOMMENDATION:

Review Date: 2020 August 24

That the Standing Policy Committee on Utilities and Corporate Services recommends that Council:

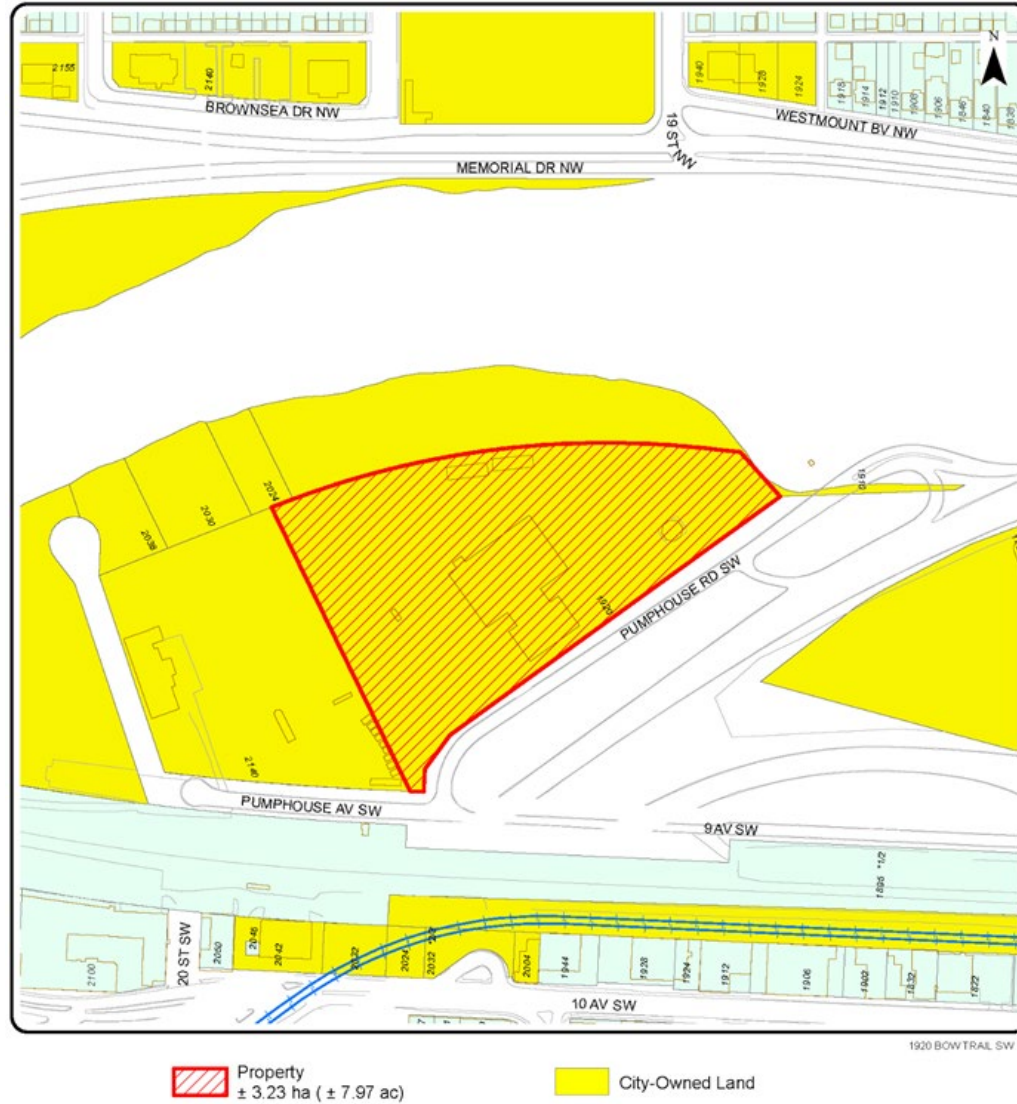
1. Authorize the Recommendations as outlined in Attachment 2; and
2. Direct the Recommendations, Report and Attachments remain confidential pursuant to Sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act* until the lease amending agreement is executed.

RECOMMENDATION OF THE STANDING POLICY COMMITTEE ON UTILITIES AND CORPORATE SERVICES, 2020 JANUARY 29:

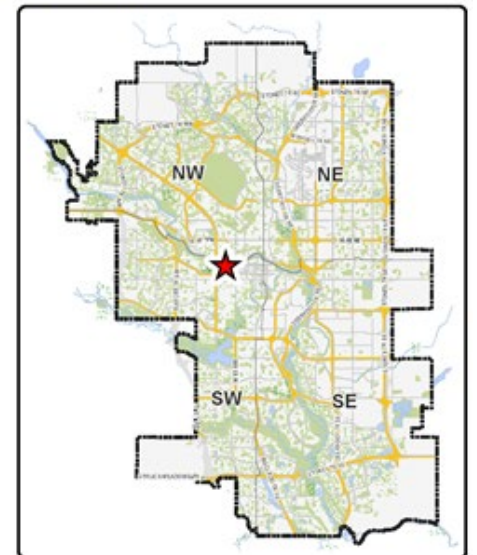
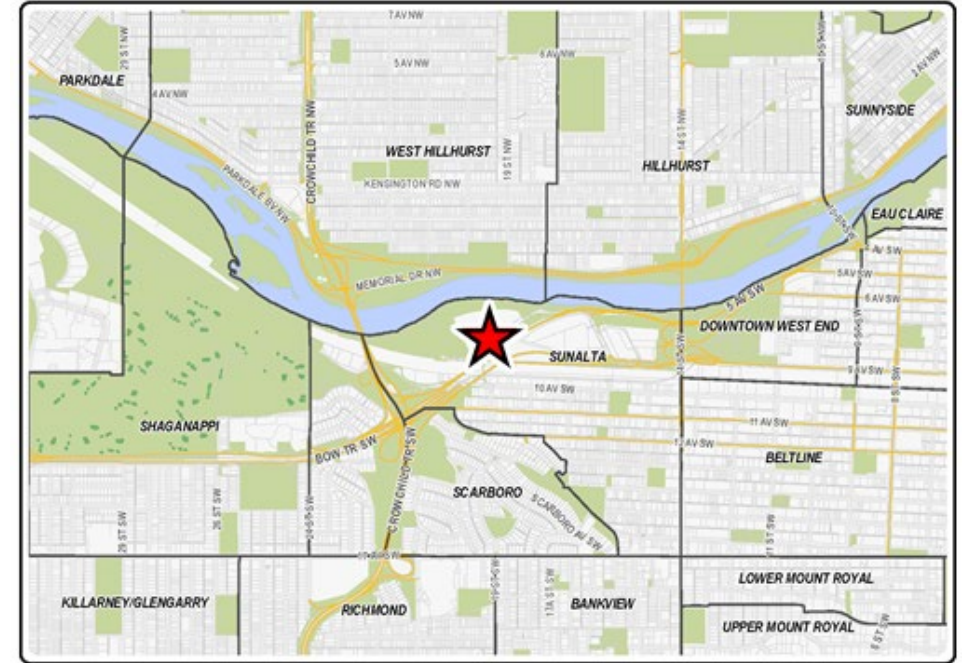
That Council adopt the Administrative Recommendations contained in Report UCS2020-0128.

MOTION CARRIED.

1920 Pumphouse RD SW



1920 BOW TRAIL SW

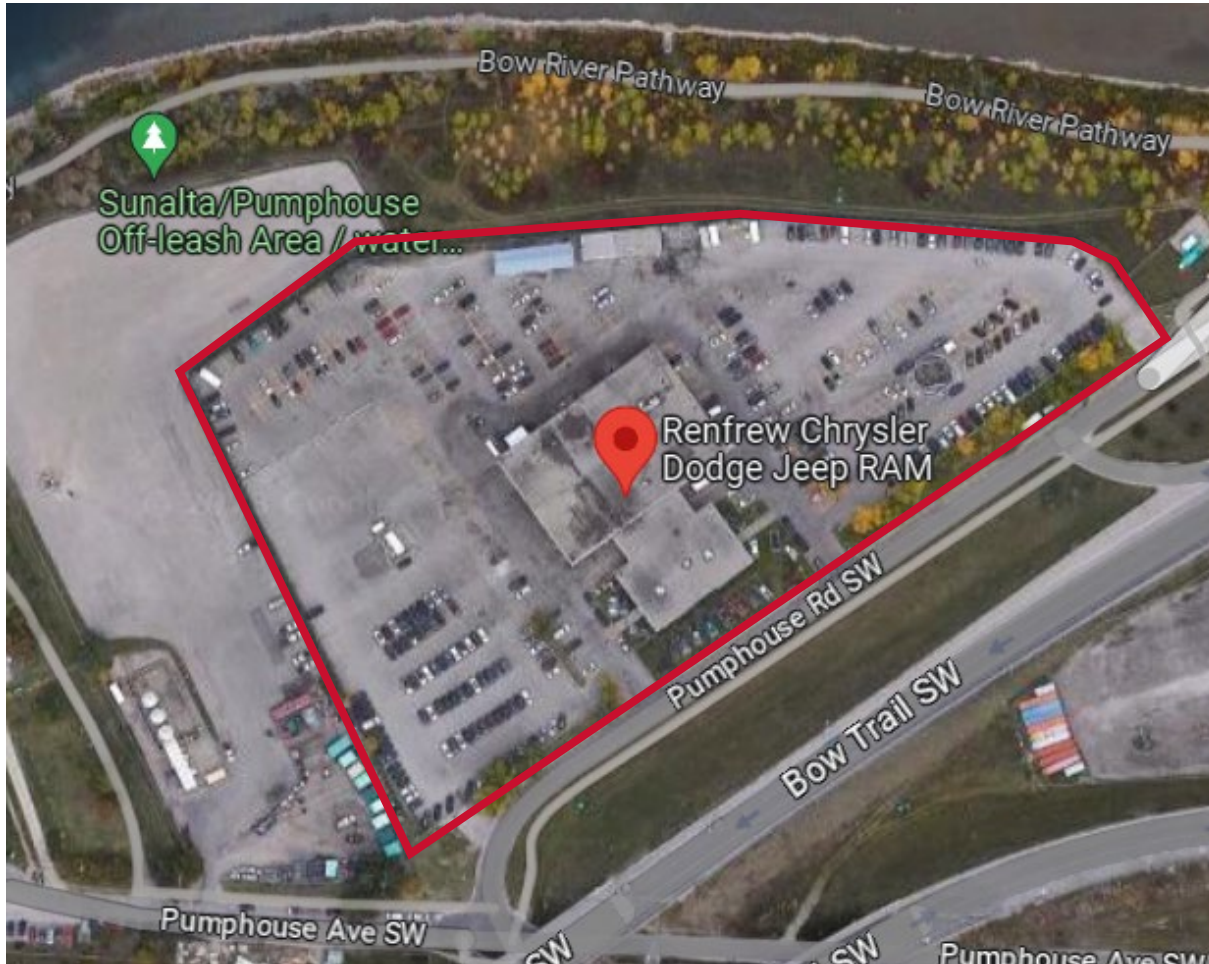


Legend

Property
1920 BOW TRAIL SW
NOT TO SCALE



1920 Pumphouse RD SW



- The Subject Property is located in the West Village area of downtown, west of 14th ST and north of Bow TR SW in the community of Sunalta
- The Subject Property totals approximately 32,253 square metres (or appx. 347,173 square feet)
- These lots were purchased by The City in 1998 with an existing lease to DaimlerChrysler in place (now Renfrew Chrysler) for future environmental reclamation and redevelopment

Background

- The Tenant, currently o/a Renfrew, has occupied the site since 1972.
- The Property is known to contain hazardous substances believed to originate from the former wood-preserving activities that took place from the early 1920s. A joint decision by the Province and The City was made to negotiate the purchase of the Renfrew site and ensure the continued operation of the containment system.
- Renfrew is directly responsible to provide annual environmental reports related to the containment system.
- The City acquired the site in 1998, with an existing lease to DaimlerChrysler Canada Inc. which then amalgamated in 2007 with Chrysler Canada Ltd. to form Chrysler Canada Inc.
- Renfrew was a subtenant to Chrysler Canada Inc. and its predecessors since 1988.

Background cont'd.

- In 2011, The City and Renfrew entered into a retroactive lease agreement between the two parties.
- Renfrew's second renewal term in their current lease will end on July 31, 2023; they have one further option to renew until July 31, 2028.
- Renfrew needs to invest approximately \$2,250,000 in infrastructure and building upgrades to remain compliant with their franchise agreement with Chrysler:
 - The roof is failing and requires total replacement
 - The building is aging and requires upgrades
 - Rapid charging stations are required for new electric vehicles coming onstream
- Renfrew will generate 2023 property tax revenue to The City of \$260,482.64

Key Terms of the Proposed Lease Amendment

- The third renewal term to be 10 years (instead of 5): August 1, 2023 – July 31, 2033
- There shall be 4 further options to renew the lease for 5 years each
- There shall be an option to terminate by either party on 36 months' notice
- If early termination is exercised by The City during the third renewal term (prior to July 31, 2033), The City to provide an interest-free payout to Renfrew for the remaining straight-line amortized value, which is not to exceed \$2,250,000 (no more than \$225,000 for each year prior to 2033)
- The Tenant to repay COVID-related rental abatements totaling approx. \$1M over the next 36 months, which have commenced May 1, 2023
- The annual rental rate to be \$693,000 plus GST to increase with inflation each year

Administration's Recommendations

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