

Report to Council



Date: February 1, 2016
File: 1140-50
To: City Manager
From: M. Olson, Manager, Property Manager
Subject: Commercial Lease to Pyramid Excavation Corporation - 759 Crowley Ave.
Report Prepared by: T. Abrahamson, Property Officer

Recommendation:

THAT Council approves the City entering into a three (3) year Lease and License of Occupation Agreement, with Pyramid Excavation Corporation, for the purpose of storage and repair of road construction equipment, with the option to renew for two (2) additional one (1) year terms, in the form attached to the Report of the Property Manager, dated February 1, 2016;

AND FURTHER THAT the 2016 Financial Plan be amended to include the rental rate increase as outlined in the Report of the Property Manager dated February 1, 2016.

Purpose:

That Council approve a three (3) year Lease and License of Occupation Agreement to Pyramid Excavation Corporation for City-owned property at 759 Crowley Avenue, with two (2) further one (1) year options to renew.

Background:

The City entered into a lease with Canna Bay Enterprises Ltd. ("Canna Bay") in July, 2004, for a term of five (5) years, with a further five (5) year renewal which was exercised in October, 2010. The premises included the perimeter fence surrounding the property plus a portion of the fronting roadway. This enclosed area was the subject of the lease, and the fronting roadway the subject of a license of occupation. Both the lease and license of occupation expired concurrently in September, 2015, with one (1) further five (5) year renewal yet to be exercised.

Pyramid Excavation Corporation ("Pyramid") took over the operations of Canna Bay during the first renewal term, and in 2015 requested that the City reflect the new ownership on the existing lease and license. To reflect the new corporate structure of Pyramid, staff felt it was appropriate to enter into a new lease and license of occupation agreement with Pyramid

alone rather than exercise the five (5) year renewal option with the combined Pyramid and Canna Bay. The term was reduced to three (3) years, with two (2), one (1) year renewal options, with all other terms and conditions of the former lease remaining unchanged with the exception of the fair market value rental rate increase which was negotiated for the new lease as set out in the table below:

Tenant	Address	Term	Renewal	Lease Rate
Pyramid Excavation	759 Crowley Ave	2010-2015	Current	\$28,588
		2015-2018	New	\$36,000
		2018-2019	1 x 1 yr	Market Value
		2019-2020	1 x 1 yr	Market Value

In consideration of the successful operation of the current lease and license, staff support the restructured lease and license of occupation agreement to Pyramid for the initial and renewal terms set out in this report.

Legal/Statutory Authority:

Community Charter, Sec. 26 - Disposal of Municipal Property

Legal/Statutory Procedural Requirements:

Community Charter, Sec. 94 - Notice Requirements

Internal Circulation:

Director, Financial Services

Financial/Budgetary Considerations:

Lease Term 2015-2018; \$36,000/annum

Considerations not applicable to this report:

Existing Policy:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by: M. Olson, Manager, Property Management

Approved for inclusion: D. Edstrom, Director, Real Estate

Attachments: 1. Schedule A - Map - Subject Property
2. Schedule B - Lease and License of Occupation Agreement

cc: G. Davidson, Director, Financial Services