

Report to Council



Date: January 25, 2021
To: Council
From: City Manager
Subject: Delegation of Authority - Property Management
Department: Real Estate

Recommendation:

THAT Council receives, for information, the Report from the Real Estate Department, dated January 18, 2021, summarizing the use of the Delegation of Authority – Property Management in 2020;

AND THAT Bylaw No. 11250 being, Delegation of Authority to Enter into Leases and Licenses of Occupation Bylaw, be amended to a maximum fair market value of \$60,000/year.

Purpose:

To update Council on the use of the Delegation of Authority in 2020 and to increase the maximum fair market value for delegated leases and licences of occupation.

Background:

In July 2016, Council approved Bylaw No. 11250, Delegation of Authority to Enter into Leases and Licenses of Occupation, in an effort to increase efficiency and enhance the lease development process. The delegation of authority allows staff to, within the established parameters, approve transactions for leases and licences of occupation over lands and buildings owned or vested by the City of Kelowna (the "City") in addition to buildings and land to be leased by the City as required for municipal undertakings.

The Manager, Property Management, is authorized to negotiate and execute on behalf of the City, transactions of up to a maximum fair market value of \$45,000 per year for a lease or licence of occupation (up to a maximum term of 15-years, inclusive of renewals). This amount allows the Manager, Property Management to approve most concession leases, licences of occupation, farm leases, and residential leases, in addition to most minor commercial leases.

Discussion:

In 2020, staff executed 40 agreements utilizing the Delegation of Authority. The agreements range from commercial leases, to concession agreements, to rental tenancy agreements, and are summarized below. A detailed summary of the executed agreements is provided in Schedule A.

Type	Quantity
Licenses of Occupation	11
Commercial Leases (incl. extensions & renewals)	9
Concession Agreements	6
Sub-leases (incl. extensions)	6
Farm Leases	3
Temporary Construction Agreements	2
Other	3
TOTAL	40

The Delegation of Authority authorizes staff to execute agreements under the following parameters:

- 1) Up to a maximum annual value of \$45,000/year; and,
- 2) Up to a maximum term of 15 years, including initial term and any approved renewals.

Staff are recommending an increase in the maximum authorized approval value under the delegation of authority to better reflect the significant upward pressure on real estate prices and contracts that relate to them over the past 5-years. Since approval of the initial Delegation of Authority Bylaw in 2016, median housing prices have increased by 40%, property rental rates have increased by 30% and commercial lease rates have increased by 25-35%. Accordingly, staff propose a 33% increase in the annual market value of delegated transactions from \$45,000/year to \$60,000/year.

Conclusion:

Delegation of authority for a number of 'base business' applications related to the City's administration of real estate assets represents significant efficiencies for both City Staff and Council. This aligns with Council's priorities of "lower value activities are improved or stopped" and "services, processes & business activities are transformed". In order to maintain the efficiencies associated with the Delegation of Authority bylaw No. 11250, Staff are recommending an increase in the maximum approved delegated transaction amount to better reflect current market conditions.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Submitted by: J. Adamson, Manager, Property Management

Approved for inclusion: J. Säufferer, Real Estate Department Manager

Attachments: 1. Schedule A – 2020 Delegation of Authority Summary
2. Schedule B – PowerPoint Presentation