

Report to Council



Date: January 25, 2021
To: Council
From: City Manager
Subject: Temporary Construction Agreement – 245 Aurora Crescent
Department: Real Estate

Recommendation:

THAT Council approve the City entering into a 14-month Licence of Occupation, with Ironclad Developments Inc, for the use of 245 Aurora Crescent, in the form attached to the Report from Property Management, dated January 25, 2021;

AND THAT the 2021 Financial Plan be amended to include the License of Occupation revenues and that the net revenue be contributed to the General – Park Development reserve;

AND THAT the one-time non-refundable soil remediation fee of \$16,000 be contributed to the General-Park Development reserve to be used to fund the remediation of the soil compaction at the end of the term;

AND FURTHER THAT the Manager, Property Management be authorized to execute all documents necessary to complete the transaction.

Purpose:

To approve the Licence of Occupation between the City of Kelowna and Ironclad Developments Inc. for the use of 245 Aurora Crescent for a temporary construction staging area.

Background:

Ironclad Developments Inc. ("Ironclad") has received approval to construct a building at 230 Aurora Crescent. They have approached the City of Kelowna (the "City") and requested to use a City-owned vacant parcel located at 245 Aurora Crescent as a staging area during construction of their project.

Discussion:

Staff have reviewed the request from Ironclad and have no concerns with the proposed temporary use. This agreement is an excellent opportunity for alternative revenue generation for the City. It should be noted that no uses that may contaminate the property are permitted; furthermore, the licensee has agreed to pay the estimated cost to remediate any soil compaction that may occur as a result of the temporary use, thereby restoring to the property to its current condition.

The basic terms of the agreement are as follows:

Term: 14 months

Fees:

- a) A non-refundable one-time fee of \$16,600, plus GST, to be paid at the time of executing this agreement to remediate the soil due to compaction,
- b) A monthly license fee of \$2,600, plus GST to be made on February 1 and March 1, 2021 as the Licensee will only use half of the site during this time; and
- c) A monthly license fee of \$5,100, plus GST to be made on the first day of each month from April 1, 2021 – March 31, 2022.

Term	Total Revenue
14-months	\$66,300

The monthly rental fee is based on the Property Management Department's best practice of charging 5% of the land value per annum. As the use will be located on land designated as "Park", the net revenues associated with the agreement will be credited to the City's Parks Reserve to facilitate the acquisition and development of new parklands within our community.

It should be noted that while agreements of this nature are typically executed by Staff based on Delegation of Authority to Enter into Leases and Licences of Occupation Bylaw No. 11550, the annual revenue associated with the proposed license is beyond the up-set limit of \$45,000/year within the delegation bylaw.

Existing Policy:

Council's 2019-2022 priorities identified measures supporting Staff's recommendations in this report. Specifically, relevant to this report:

- Non-taxation revenues are increasing; and,
- Services, processes & business activities are transformed.

Internal Circulation:

Parks Planning

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

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 – Licence of Occupation
2. Schedule B – PowerPoint Presentation