

**Subject: Lease of Port of Entry Building
to Wood Buffalo Community Village****APPROVALS:**Keith Smith, Acting Director
Marcel Ulliac, Interim Chief Administrative Officer**Administrative Recommendation:**

THAT the Regional Municipality of Wood Buffalo enter into a lease agreement with the Wood Buffalo Community Village for the lease of the Port of Entry building located at 400 Sakitawaw Trail, subject to the following:

1. The lease will become effective July 1, 2014;
2. The lease shall be offered for the nominal sum of \$1.00 per year; and.
3. The lessee shall be responsible for all costs associated with utilities, insurance, and tenant improvements.

Summary:

Wood Buffalo Community Village (WBCV) has requested that the market lease rate of \$61,200 per annum (as determined by a third party appraisal) be waived for this location and a nominal One Dollar (\$1.00) per annum lease rate be granted for a 6 month term, with month-to-month renewal options thereafter, until such time as the building is removed to facilitate widening of Highway 63. WBCV is a registered charity providing affordable shared space and services to social profit agencies, all of which provide a direct benefit to the residents of the Regional Municipality of Wood Buffalo (the Municipality), creating synergies amongst and economies of scale for them.

Council approval is required to authorize a lease at a nominal One Dollar per annum rate.

Background:

The Municipality is the registered owner of the lands and the Port of Entry building located at 400 Sakitawaw Trail, Fort McMurray. The building was vacated by Fort McMurray Tourism effective April 11, 2014. Its location alongside Highway 63 makes it highly visible and especially vulnerable to vandalism and graffiti. Alberta Transportation has confirmed the building's removal will be necessary when highway widening construction commences, so if a tenant is not installed in the immediate future, consideration is being given to its demolition.

WBCV's office space at 194 Grenfell Crescent is no longer available to them effective June 30th, 2014. With the help of local realtors and property management companies, they have actively searched for many months, without success, for affordable, wheelchair accessible, commercial space. Also, they recently learned they will lose a significant funding source effective June 30th. On April 4, 2014, their Executive Director submitted a formal request to the Director, Community Services for a lease of the Port of Entry building at a nominal lease rate of

One Dollar per annum, with WBCV taking on responsibility for utilities, insurance, and tenant improvement costs. The Municipality supports other social profit agencies with similar arrangements.

WBCV's business case and financial records confirm its desirability as a tenant. The social profit agencies hoping to share these premises all provide invaluable services to our residents and in particular, to family members of those who come to work here. Without them, many families would find permanent residence in Fort McMurray unsustainable. These agencies currently include the Canadian Paraplegic Association, MS Society, Blue Heron Support Services, Alberta Brain Injury Network, and potentially others, dependent upon a new space being secured. In the event new office space is not secured effective July 1st, 2014, the capacity of these agencies to provide value and create collaborative undertakings will be considerably diminished, as staff members may be forced to work out of their own homes.

WBCV is aware that Alberta Transportation plans to widen Highway 63, so a short term tenancy is the only option available for consideration under this application. To that end, they have presented a letter of interest to partner in the near future with Ashlar's Club in Abraham subdivision, a letter of intent to partner with Unifor Local 707A/Sportswise, and they continue to explore other options.

WBCV has requested that the market lease rate of \$61,200 per annum be waived for this location. In accordance with Section 70 (2)(c) of the *Municipal Government Act*, the Municipality is not be required to advertise its intention to grant a lease for the premises at a rate which is less than market value, as it is to be used by a registered charitable organization.

Budget/Financial Implications:

No direct budgetary or financial impact will result from this proposed lease.

Rationale for Recommendation(s):

Social profit organizations contribute significantly to the quality of life in the Municipality. These organizations find it increasingly challenging to acquire suitable space from which to provide programming and services, given the rising cost of real estate in our region. Because WBCV operates as a registered charity, its revenue source is limited, so granting this short term lease at a nominal sum may help retain resident families who would not otherwise make our community their permanent home due to a lack of services for disabled family members.

In the past the Municipality has entered into similar agreements with other charities and/or social profit service groups allowing them use of municipal assets without financial compensation. Administration supports this application for short term assistance, recognizing that Wood Buffalo Community Village is similarly deserving on account of the benefits it provides to our community.

Attachment:

1. Subject Area Map dated May 1, 2014