

SUSTAINABLE DEVELOPMENT COMMITTEE REPORT

Meeting Date: December 6, 2016

Subject: Snye Point Café Lease**APPROVALS:**

Keith Smith, Director
Jamie Doyle, Acting Executive Director
Marcel Ulliac, Chief Administrative Officer

Administrative Recommendation:

THAT the following be recommended to Council for approval:

That the Municipality enter into a lease with 1950805 Alberta Ltd. for the Snye Point Café, subject to the terms and conditions described in the Building Lease Terms and Conditions, dated November 4, 2016 (Attachment 1).

Summary:

Snye Point Café (the Café) will provide a family-oriented atmosphere located within the Snye Amenities Building. The Café will offer a family oriented dining experience to create a destination and will be open year round.

The leased space of 2,486 square feet includes 1,765 square feet of café space and 721 square feet of kitchen space (Attachment 2).

The tenant will also be able to utilize a patio area, where they can place tables and chairs for patrons to the Café. The patio will include an open patio area for tables and chairs of approximately 980 square feet and an enclosed patio area of approximately 1,360 square feet (Attachment 2).

The enclosed patio area will potentially be licensed to serve alcohol, based on approval through Alberta Gaming and Liquor Commission. The Municipality has placed a restriction in the lease that only allows the tenant to apply for a Class A liquor license which allows minors to be present at all times.

Council approval is required to authorize a lease of municipal land and/or buildings for a term exceeding 5 years.

Background:

Administration has been working since August 10, 2015 to secure a tenant for the Snye Point Café. Based on building advertisements during the Western Canada Summer Games and social media, Administration received 25 inquiries about the space and 4 formal proposals.

The proposals were evaluated and ranked based on the following evaluation criteria:

1. Proposals fit to the Municipality's objectives for Snye Point
2. Experience developing and operating similar restaurants
3. Understanding of market and competition
4. Practicability of business plan
5. Adequacy of financial capacity and insurance
6. Proposed rental payments and any specific terms requested

1950805 Alberta Ltd. was chosen as they received the highest overall score based on the evaluation criteria.

The owners of 1950805 Alberta Ltd. are also long term members of the community and they are familiar with all aspects of working and living in Fort McMurray in an ever changing economic climate. Through an established network of personal and business associates, they anticipate they will be successful in providing a one-of-a-kind experience to citizens.

Budget/Financial Implications:

The Municipality will realize base rent of \$39,776.00 per annum and building operational cost recovery of \$21,976.24 per annum. The lease rate was determined through an independent third party appraisal. The costs related to tenant specific use of water, gas and electricity are metered separately and will be paid directly by the tenant.

Building operational cost is approximately \$86,180.70 per annum and includes; electricity, gas, janitorial for common areas and washrooms, security patrols, insurance, snow removal and minor maintenance.

Fit out costs (leasehold improvements) will be the responsibility of the tenant.

Rationale for Recommendation:

Land Administration has performed due diligence to publicly post the leasing opportunity through board advertisement and social media.

1950805 Alberta Ltd. is a local business that provided a solid business plan for a café that will offer the citizens of the municipality a unique experience.

Strategic Plan Linkages:

Pillar 3 – Building a Vibrant Economy Together

Pillar 4 – Building an Effective Land Strategy

Pillar 7 – Building for a Healthy and Active Lifestyle

Attachments:

1. Building Lease Terms and Conditions, dated November 4, 2016
2. Snye Point Café Leasing Plan
3. Patio Orientation & Distance from Playground