

## Lease Extension with Trades Labour Corporation for Unit 1, 325 – 3rd Avenue North

### ISSUE

The current lease agreement with Trades Labour Corporation (Trades Labour) for Unit 1, 325 - 3<sup>rd</sup> Avenue North (ISC Surface Parcel No. 120282353) expired July 31, 2020, and a conditional lease renewal agreement has been negotiated and agreed upon, subject to Standing Policy Committee on Planning, Development and Community Services approval.

### RECOMMENDATION

1. That a lease extension and amending agreement with Trades Labour Corporation for Unit 1, 325 – 3<sup>rd</sup> Avenue North for a three-year term be approved as per the terms and conditions stated within the report of the Chief Financial Officer dated September 14, 2020; and
2. That the City Solicitor be requested to prepare the appropriate agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

### BACKGROUND

At its June 9, 2014 meeting, City Council approved a three-year lease agreement between the City of Saskatoon (City) and Trades Labour for Unit 1, 325 – 3<sup>rd</sup> Avenue North. The original lease agreement for the 1,138 square foot space expired July 31, 2017, and contained a three-year renewal option. City Council approved the renewal of the lease at its June 26, 2017 meeting, and the term of the lease was extended to July 31, 2020. Prior to the expiration of the renewal term, Trades Labour indicated it would like to further extend the lease for a three-year period.

### DISCUSSION/ANALYSIS

Trades Labour has leased Unit 1 in the 325 – 3<sup>rd</sup> Avenue North building for the past six years and has been a reliable tenant throughout that time. The City has no current or anticipated future corporate use for the space; therefore, extending the agreement with the existing tenant would be considered financially prudent and in the best interest of the City.

Notable terms of the lease extension and amending agreement include:

- Negotiated rent for the three-year lease extension would be \$62,590, which is reflective of current market rates.
- In addition to rent, the tenant would continue to be responsible for occupancy costs.
- Three-year term expiring July 31, 2023.

- Upon six months' notice, and no sooner than August 1, 2021, the tenant has the option to terminate the lease.

All other terms and conditions of the original agreement remain unchanged.

### **FINANCIAL IMPLICATIONS**

Monthly lease revenues will be deposited to the “325 – 3<sup>rd</sup> Avenue North Building and Operating Reserve.” In addition to rent payments, Trades Labour will continue to be responsible for its proportionate share of the building operating costs.

The three-year lease extension rent of \$62,590 is the same amount as the previous three-year term as market rents have remained relatively flat.

Ongoing operations of this City-owned building have no impact on the mill rate as the building Reserve (funded from main floor lease revenues) covers the required maintenance and temporary vacancies at the building.

### **OTHER IMPLICATIONS**

There are no privacy, legal, social, or environmental implications identified.

### **NEXT STEPS**

If approved, the Administration will ensure Trades Labour continues to adhere to the terms and conditions of the lease agreement.

### **REPORT APPROVAL**

Written by: Scott McCaig, Project Manager, Real Estate Services  
Reviewed by: Keith Pfeil, Manager, Real Estate Services  
Frank Long, Director of Saskatoon Land  
Approved by: Kerry Tarasoff, Chief Financial Officer

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