

## Request to Lease City-Owned Property – Cosmopolitan Seniors Center 614 – 11th Street East

### ISSUE

The lease for the civic facility known as the Cosmopolitan Seniors Center (the Seniors Center), located at 614 – 11<sup>th</sup> Street East, (see Appendix 1) expired December 31, 2021. The property has been occupied by the Senior Citizen's Service Association of Saskatoon (SCSAS) through long-term lease agreements since the facility opened in 1961. The SCSAS would like to continue to utilize the facility under a different lease arrangement which would have the Kinsmen Club of Saskatoon (KCOS) take over as tenant and assume full responsibility for management of the facility. The SCSAS will be provided allocated hours of use of the facility as set out in the proposed terms of the lease with KCOS.

### RECOMMENDATION

1. That a lease agreement for the Cosmopolitan Seniors Center located on ISC Parcel No.'s 136239600, 120139927, 120139938, and 136239611 be entered into with the Kinsmen Club of Saskatoon, who will be responsible for operating the Seniors Center facility upon the terms set out within this report, for a period of five years with an option to renew for a further five years; and
2. That the City Solicitor be required 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

In 1958, the City of Saskatoon (City) and the Cosmopolitan Club came to an agreement for a senior citizens center to be built, with the City providing the land and the Cosmopolitan Club constructing the hall. The Seniors Center was subsequently constructed and has been in operation since 1961. Since its opening, the SCSAS has leased the facility through various lease agreements and renewals, all of which required the SCSAS to operate and maintain the facility in lieu of rent.

Over the years, the SCSAS has faced declining membership and began to find operating the Seniors Center challenging. In 2012, the KCOS approached the SCSAS with an offer to sublease the Seniors Center, taking over management and operations of the facility in return for a use of a portion of the Seniors Center for meeting space. In the sublease, the KCOS was required to operate the Seniors Center as a community hall and provide allocated facility hours to the SCSAS. City Council approved the request from the SCSAS to sublet the Seniors Center to the KCOS through a report that was adopted at the February 11, 2013, City Council meeting.

## **DISCUSSION/ANALYSIS**

The lease agreement between the City and the SCSAS for the Seniors Center expired on December 31, 2021, and the lease is currently in overholding. When contacted several months ago to discuss a potential renewal of the agreement, the SCSAS informed Administration they had been approached by the KCOS who proposed to take over the lease of the Seniors Center while continuing to provide the SCSAS with allocated hall hours for SCSAS use.

The SCSAS supports this idea as it relieves their organization of the day-to-day operations of the facility while still allowing them to use the Seniors Center as they had previously. Administration supports entering into an agreement directly with the KCOS since a single agreement would establish the terms of the lease and the responsibilities of each party, eliminating the need for the previously used sublease arrangement.

The purpose of the lease being recommended is for the KCOS to operate the Seniors Center as a community hall in return for dedicated club space within the facility, while also providing the SCSAS allocated hours. Notable terms of the agreement include:

- Five-year lease term commencing February 1, 2022 with the option to renew for an additional five-year term;
- KCOS to grant the SCSAS use of the facility during mutually agreed upon hours;
- KCOS to assume full responsibility for the day-to-day operations, management and maintenance of the Seniors Center facility, including all associated costs in lieu of rent;
- KCOS to make monthly contributions to the Civic Buildings and Comprehensive Maintenance (CBCM) reserve, which would be used to complete major repairs to the facility;
- KCOS to acquire adequate liability and property insurance;
- KCOS to pay all costs associated with the Seniors Center, including annual CBCM reserve contributions, from hall rental revenues;
- KCOS to provide annual statements of income and expenses relative to their operation of the Seniors Center; and

The City or the KCOS may terminate the agreement on 12 month's prior notice.

## **FINANCIAL IMPLICATIONS**

The KCOS is responsible for all costs associated with the Seniors Center (including the CBCM reserve contributions to cover major repairs) which are to be paid from revenues generated through hall rentals. Currently, the annual CBCM contribution is \$18,744.00, equating to 1.2% of the replacement value of the Seniors Center.

Upon review of the facility's annual financial statements, any net revenues greater than \$10,000 would be transferred to the City's General Revenue account. Upon termination or expiration of the Lease Agreement, all surplus proceeds held by KCOS would be transferred to the City.

### **OTHER IMPLICATIONS**

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

### **NEXT STEPS**

The renewal term of the proposed lease would expire January 31, 2032. Upon expiration or termination of the agreement, the City would work with the SCSAS in establishing a similar agreement which would continue to provide the SCSAS use of the Seniors Center while also providing hall rental opportunities to the community.

### **PUBLIC NOTICE**

Public Notice pursuant to Section 3(i) of Policy No. C01-021, Public Notice Policy, is required due to the proposed lease being offered at less than fair market value without a public offering (see Appendix 2). The notice will be posted a minimum seven days prior to the lease requested being considered by City Council.

### **APPENDICES**

1. Location Map of Leased Property.
2. Copy of Public Notice – Cosmo Seniors Center

### **REPORT APPROVAL**

Written by: Jeremy Sibley, Property Agent, Real Estate Services  
Reviewed by: Frank Long, Director of Saskatoon Land  
Approved by: Clae Hack, Chief Financial Officer