

Amendment to Council Policy C03-024, Leasing Civic Buildings to Outside Organizations

ISSUE

This report provides information on the Bylaws, Policies, and procedures that offer direction on the leasing of City of Saskatoon-owned facilities or portions thereof to outside organizations or service groups and recommends updating existing policies to reflect current practices.

RECOMMENDATION

That the Standing Policy Committee on Planning, Development & Community Services recommend to City Council:

1. That City Council Policy No. C03-024, Leasing Civic Buildings to Outside Organizations be repealed and replaced with a new policy called Leasing and Licensing City-Owned Buildings to Outside Organizations as outlined in Appendix 3 of the report of the Chief Financial Office, dated June 13, 2022; and
2. That the City Clerk be requested to repeal City Council Policy No. C03-024 and replace with City Council Policy No. CXX-XXX as outlined in Appendix 3 in the report of the Chief Financial Officer, dated June 13, 2022.

BACKGROUND

A report recommending the lease of Sutherland Hall to Memorial POW City Kinsmen Club of Saskatoon was submitted to the Standing Policy Committee on Finance, Administration was requested to review and report on the general matter of service group facility rental management agreements. Administration has reviewed the existing Policies and Bylaws on this matter and is recommending policy revisions to City Council Policy C03-024 that update and clarify responsibilities of Committee and Administration when leasing or licensing Civic buildings.

DISCUSSION/ANALYSIS

The following City Council Policies and Bylaws provide Administration with direction on leasing and licensing of City-owned buildings to outside organizations:

1. Bylaw 8174, Administration Bylaw, 2003;
2. Council Policy No. C03-024, Leasing Civic Buildings to Outside Organizations;
3. Council Policy No. C01-021, Public Notice; and
4. Council Policy No. C03-018, Assistance to Community Groups.

In addition to the above, for City owned facilities located on Municipal Reserve (MR) land, we also need to comply with the relevant provisions in *The Planning and Development Act, 2007* and *The Dedicated Lands Regulations, 2009* that relate to leasing on MR.

It is important to recognize the City of Saskatoon (City) owns and leases a variety of spaces to a variety of tenants (Appendix 1). For example, the City leases office space to for-profit companies while also leasing out entire City-owned facilities, such as community halls, to non-profit organizations. The diverse nature of each agreement makes it difficult, and even counter-effective, to draft a policy that provides comprehensive guidance on how to proceed in each lease scenario.

As such, the policy revisions being proposed focus on providing general guidance on how tenants should be secured and who has the authority to approve various types of agreements, while still providing the required flexibility to deal with a unique variety of circumstances.

Administration's notes and/or subsequent proposed amendments are as follows:

1. The City Administration Bylaw establishes powers, duties, and functions of the City Manager for specified municipal documents on behalf of the City. Section 12(3) states "[...] the City Manager shall have the authority to approve the lease or license of land or buildings provided the annual rental charge does not exceed \$20,000.00."; Should the lease or license of land or buildings be awarded through public tender, Section 12(2) states "the contract awarded to the highest qualified bidder meeting specifications notwithstanding the amount of the contract exceeds \$100,000.00"
2. City Council Policy No. C03-024, Leasing Civic Buildings to Outside Organizations (Appendix 2) is currently the primary policy that provides Administration direction on the leasing of civic buildings. This policy is dated and, as currently written, conflicts with The City Administrative Bylaw with respect to approving authority. Significant amendments to this policy are being recommended to provide additional direction on the leasing and licensing of City-owned buildings to clear up any inconsistencies with The City Administrative Bylaw and/or any other policies, and to clearly establish responsibilities. Due to the extent of changes required, the City Clerk has recommended that the existing City Policy C03-024 be repealed and replaced with a new policy (Appendix 3). Notable changes to this policy include:
 - The amended policy applies to both leasing and licensing of City-owned buildings. The former policy was specific to leasing, although Administration did look to the policy for guidance in the administration of licenses.
 - The amended policy provides direction on how leasing or licensing of City-owned buildings for amounts other than market rent should be considered. The former policy only stated that civic buildings will not be leased at subsidized rates unless in accordance with City Council Policy C03-018. It also allows Administration to approve licenses at amounts other than market rent under specific conditions (see Appendix 3, section 3.1). This was included to avoid burdening Council with insignificant reports (ie. a temporary license agreement that grants passage across a City-owned property).

- The amended policy provides further direction on the process that Administration should follow in securing a tenant. Since the desired outcome of lease often differs depending upon the building and its proposed use, the proposed policy does not provide specific direction on how to evaluate the benefits a tenant may provide in lieu of rent as this is intended to be outlined by the tenant in their request to use the space and be communicated to Council/Committee through approval reports. In instances where the City is actively seeking a tenant for vacant space and market rent is not being sought, a public offering such as a Request for Proposals would be used where appropriate weight could be placed on the defined community benefits a prospective tenant could offer.
3. City Council Policies C01-021 and C03-018 outline the general procedures for leasing civic properties at subsidized rates.
- Section 3(i) of Council Policy No. C01-021, Public Notice, states that public notice must be given before City Council considers selling or leasing land for less than fair market value and without a public offering.
 - Section 3.1(e) of Council Policy No. C03-018, Assistance to Community Groups states that any assistance received by community groups under other City programs, including subsidized rental rates, shall be considered in the evaluation of an application for assistance.
 - No changes to either of these policies are being proposed at this time.

Review of Other Jurisdictions

In 2019, the City of Vancouver requested that the City of Saskatoon respond to a “Non-Profit Lease Management Survey” they were completing an attempt to determine best practices of municipalities across Canada. In 2020, the City of Vancouver produced a report summarizing the responses of the municipalities contacted. The report concluded there is no set of “overarching findings” and that “there is much variation across the country in the way municipal leases are administered, the availability of guiding policies, the level of monitoring, and so forth.”

Although the Vancouver survey did not find a set of overarching findings across municipalities, it was useful in it provided a comprehensive review of how peer municipalities approach the matter and included links to each municipality’s relevant bylaws, policies, and/or guidelines. An important question posed to the municipalities was “Does your City Council participate in decision making around the tenant selection?” Most municipalities surveyed stated they have policies and/or principles which provide guidance and promote consistency in the leasing of City-owned properties. While City Council may not be directly involved in the selection of tenants, lease approval is often under City Council’s authority, especially leases to non-profits at subsidized rents. However, there were a few municipalities which have the delegated authority to enter into such agreements administratively in accordance with their bylaws and policies on the matter.

Saskatoon was one of the smaller municipalities surveyed for the report and based upon the responses, appears to have less properties that are leased or could be leased to non-profit or community organizations. Since Saskatoon encounters these opportunities on a less-frequent basis than some larger municipalities, and the circumstances and lease terms often differ from one agreement to the next, Administration does not suggest any changes to the approval process. The proposed revisions to City Policy C03-024 more clearly define the responsibilities of Administration and City Council dependent upon the nature of the lease, with leases at less than market rent still requiring public notice and City Council approval. Although leases where management is proposed in lieu of rent or leases at less than market rent are all somewhat unique, Administration feels a degree of consistency has been maintained in how they have been addressed and feels capable of making recommendations to City Council on a case-by-case basis as such requests and proposals continue to be made. The proposed policy is intended to clearly define responsibilities, outline general processes, and instill consistency while not being too prescriptive so as to limit Administration's ability to handle the variety of circumstances encountered in the leasing of City-owned buildings.

OTHER IMPLICATIONS

There are no financial, privacy, legal, social, or environmental implications identified. In the case of City owned facilities located on Municipal Reserve land, there is nothing in the proposed Policy that would contradict the legislation (*The Planning and Development Act, 2007* and *The Dedicated Lands Regulations, 2009*) so this dual compliance with the policy and the legislation is achievable.

NEXT STEPS

If approved, the new policy will replace City Council Policy C03-024.

APPENDICES

1. List of Leases and Licenses of City-owned Space
2. Policy No. C03-024, Leasing Civic Buildings to Outside Organizations
3. Proposed New Policy - Leasing and Licensing of City-Owned Buildings to Outside Organizations

REPORT APPROVAL

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