

## Ideas Inc. Lease Renewal

### ISSUE

The purpose of this report is to renew the lease agreement with Ideas Inc., a business incubator located in a City of Saskatoon (City) owned building in River Landing.

### RECOMMENDATION

That Governance and Priorities Committee recommend to City Council:

- 1) That the Lease and Operating Agreement between the City of Saskatoon and Ideas Inc., respecting 420 Avenue B South, be approved; 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

As part of the River Landing development, the City renovated the former Electrical Services Building at the corner of 19<sup>th</sup> Street and Avenue A. The building was redesigned as two occupancies: a business incubator and a farmers' market entity. The business incubator, Saskatoon Ideas Inc. (Ideas Inc.) is a non-profit business incubator that offers space, advisory and mentorship expertise to prospective entrepreneurs, increasing their chances of long-term success.

The City first entered into a leasing agreement for the building in 2007 with Ideas Inc., with five year renewals approved in 2012 and 2017.

### DISCUSSION/ANALYSIS

Local business creation is frequently identified as a priority for economic development and growth. Local firms are often targeted because they tend to remain in the community, and they bring revenue to the local economy and use local resources as inputs for their business.

Incubators are among the tools that can be employed to foster local business creation. Traditional business incubators are buildings that house several new businesses under one roof, an arrangement that takes advantage of economies of scale and other synergies to assist firms through their perilous start-up periods. Those who graduate from an incubator program often create jobs, revitalize neighbourhoods and commercialize new technologies, which strengthens local, regional and even national economies. Appendices 1, 2 and 3 provide further information regarding activities and performance by Ideas Inc in 2021.

### **Key Lease Terms**

The following is a summary of the key lease terms contained in the Lease and Operating Agreement (Agreement):

1. In form, the Agreement has the same essential features as the previous lease.
2. The term of the Agreement is five years, commencing on September 1, 2022, with an automatic option for renewal for a second five-year term, subject to the lease terms being observed.
3. Ideas Inc. will be responsible for the operating costs and utilities attributable to the building.
4. Ideas Inc. will be responsible for making required annual contributions to the Civic Buildings Comprehensive Maintenance (CBCM) Reserve, of \$62,490 per year from September 2022 to August 2027, based on the formula within [Council Policy C07-031, the Corporate Asset Management Policy](#).
5. Ideas Inc. will pay the annual assessed property taxes, estimated at \$44,100 (2022).
6. Ideas Inc. will pay \$892.85 per month for 60-months beginning September 1, 2022, for the 2014 deferred CBCM, for a total of \$53,571.
7. Ideas Inc. will be required to submit data on performance measures, which include such items as the number of tenants and number of graduates, as well as the number of jobs created and tenant/graduate satisfaction.

### **FINANCIAL IMPLICATIONS**

The financial terms of the Agreement are described above. As Ideas Inc. pays utilities and operating costs of the building, there are no operating costs borne by the City.

### **OTHER IMPLICATIONS**

There are no policy, environmental, privacy or CPTED implications or considerations and a communications plan is not required.

### **NEXT STEPS**

If the report is approved, Administration will finalize the lease renewal with Ideas Inc. and have the renewal process completed for September 2022, when the current lease expires.

### **APPENDICES**

1. Ideas Inc. - Annual Metrics 2021
2. Street Stall Saturdays Outdoor Market - 2021 Annual Report
3. Grillin' for Gratitude 2021 Season Review

### **REPORT APPROVAL**

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