

Temporary Lease of City-owned Parking Lot to Saskatchewan Health Authority for a Park N' Ride – South Caswell Hill

ISSUE

The Saskatchewan Health Authority (SHA) approached the City of Saskatoon (City) looking for a centrally located parking lot that could be leased to support the SHA initiative of providing a park n' ride service for the staff at the hospitals in Saskatoon. 232 and 240 Avenue C North is an existing underutilized surface parking lot formerly used by City Staff during operation of Saskatoon Transit at the location.

RECOMMENDATION

1. That a lease agreement for 232 and 240 Avenue C North with a five-year term and six-month termination option between the City of Saskatoon and Saskatchewan Health Authority be approved as outlined in this report; 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

In January 2017, Saskatoon Transit moved from their South Caswell location to the Civic Operations Centre south of the city. The South Caswell area is currently in transition as efforts are made to ensure the former Saskatoon Transit facilities/sites development are redeveloped to be consistent with the South Caswell Concept Plan (SCCP).

In a report to the Standing Policy Committee on Finance on October 1, 2018, Administration recommended that the sale of surplus City of Saskatoon land within the SCCP area proceed in a phased approach, beginning with the sale of 321 Avenue C North through an open market (with criteria) sales approach as the buildings were unoccupied, and developers had expressed interest in their potential for adaptive reuse.

On June 7, 2023, an [Information Report](#) outlining the sale terms for 321 Avenue C North to the selected proponent, Caswell Bus Barns, was presented to the Standing Policy Committee on Finance. The Agreement with the purchaser requires the zoning district for their specific site to be amended before the sale can be finalized.

232 and 240 Avenue C North are currently zoned IL1 and comprised of: ISC Surface Parcel Nos. 119871175, 119871108, 119871119, 119871120, 119871131, 119871142, Lots 40, 39, 38, 37, 36, 35 Block 15, Plan No. G582. The South Caswell Hill Concept Plan identified the parking lot area as a potential townhouse site. Appendix 1 provides a visual of the parking lot area.

DISCUSSION/ANALYSIS

To accommodate a request for a Park Ride service by SHA for employees at St. Pauls and City Hospital, Administration has been in discussion regarding a potential five-year lease agreement with SHA for their use of the 84-stall surface parking lot. The following notable terms would apply for the lease:

- A five-year lease term commencing October 1, 2023 and ending September 30, 2028;
- Provided SHA is not in default of any of the lease terms, an additional five-year renewal term (subject to rent) would be included;
- Annual rent would be \$40,320.00 and paid in monthly instalments;
- The City would be responsible for improving the site lighting;
- SHA would be responsible for lot maintenance and property taxes; and
- Upon six-months' notice, the City or SHA may terminate the lease.

The City is actively pursuing a rezoning of 321 Avenue C North to MX1 by Agreement. The balance of the former Saskatoon Transit properties to the south including the parking lot are proposed to be rezoned to Corridor Mixed Use (CM1). Engagement with the community on the proposed zoning is expected to take place this fall. Pending review and approval of the rezoning by City Council, use of the parking lot site as a parking station would become a non-conforming land use. A parking station is not a permitted use in the new proposed zoning district. Given the existing condition of the site and its setup for parking, the non-conformity of the parking lot will exist regardless of the whether the lease agreement with SHA is approved or not, assuming the Zoning is changed to CM1 District.

The use of the site for a park n' ride is not expected to generate significant traffic impacts in the area. Should the parking area be required to accommodate potential development identified in the SCCP, the City would terminate the lease by providing six months written notice. SHA will have a similar termination provision in the event the lease is no longer required.

The use of the parking lot as a park n' ride would cease upon the property being required for redevelopment as part of the South Caswell Redevelopment project.

FINANCIAL IMPLICATIONS

Annual lease revenues estimated at \$40,000.00 would be allocated to City's General Revenue account. The improvement of the site lighting will be approximately \$5,000 and will be deducted from the lease revenue. Proposed rent for the use of the parking lot is considered to be fair market value based on the location of the property and demand for parking. This potential revenue is not currently within the proposed budget documentation submitted by Saskatoon Land for 2024-2025. Should the lease be approved, the additional revenue net of the lighting expenditures would further reduce the funding gap that has been identified for the 2024-2025 budget submission.

OTHER IMPLICATIONS

Parking at and around the hospitals in Saskatoon is limited. It is anticipated that a SHA park n' ride would help alleviate some parking pressures and concerns at and around the hospitals in Saskatoon.

Previous indications to the community near this site, in regard to the redevelopment of the area, have focused on finding interim uses that would limit impacts to the community, including additional traffic generation.

Administration has contacted the purchaser of 321 Ave C North and they have no concerns with the Park and Ride use at the existing City owned lot at 232 and 240 Avenue C North.

NEXT STEPS

If approved, Administration would monitor the area for any potential impacts to the neighbourhood and ensure the lease terms are being adhered to. The lease may be renewed at the end of five years if the parking lot is not yet needed for redevelopment as part of South Caswell Redevelopment.

APPENDICES

1. Parking Lot on Avenue C and 24th Street

REPORT APPROVAL

Written by: Scott McCaig, Manager, Real Estate Services
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