

APPROVAL REPORT

Lease Renewal of 502-48th Street East – Saskatoon Water

ISSUE

Saskatoon Water is currently leasing 502-48th Street East for the operations of their Meter Shop. The current term of the lease for 502 48th Street East is set to expire March 31, 2024. Saskatoon Water still requires the property and desires to renew the lease for a further term of up to five years.

RECOMMENDATION

That the Standing Policy Committee on Finance approve:

1. That the lease agreement with Tim Turple Holdings Inc. for 502 48th Street East be renewed for a further term of up to five years upon the terms stated within 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

Due to the extensive renovations at the City of Saskatoon (City) Water Treatment Plant, the Saskatoon Water Meter Shop (Meter Shop) staff and equipment were displaced in late 2018. As there was no suitable City-owned facility to relocate the displaced staff and equipment to, the City negotiated the lease of 502-48th Street East, a 10,000 square foot industrial property comprised of approximately 3,500sf of office space and a 6,500sf warehouse. The initial three-year term and subsequent two-year renewal was approved at the [November 5, 2018](#) meeting of the Standing Policy Committee on Finance, with the lease commencing December 1, 2018. The current renewal term is set to expire March 31, 2024, and Saskatoon Water has indicated that the property is still required. Currently, there is a funded capital plan to support the construction of a facility to permanently relocate the Meter Shop; however, it is expected that it will take up to five years for this relocation plan to be completed.

DISCUSSION/ANALYSIS

Upon learning of Saskatoon Water's desire to extend the lease, Saskatoon Land started negotiations with the current owner, Tim Turple Holdings Inc. (the "Landlord"). The Administration and the Landlord recently came to an agreement conditional upon City Council approval. Notable terms of the renewal agreement are as follows:

- 5-year renewal term with the City having the ability to terminate the agreement at any time after the 2nd year by providing 240 days prior notice;
- \$115,000.00 plus GST annual net rent (\$11.50 psf); and
- City granted an additional option to renew for a further term of five years at mutually agreeable rent.

FINANCIAL IMPLICATIONS

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Annual net rent of \$115,000.00 plus GST and all operations costs, which are estimated to be \$65,000.00, will be funded by the Water Utility through the Meter Shop's operating budget.

OTHER IMPLICATIONS

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

NEXT STEPS

Saskatoon Water will continue to work on formulating a long-term plan for the permanent location of the Meter Shop. Should the property still be required after five years, the City will exercise the renewal option and negotiate a mutually agreeable rent with the Landlord.

REPORT APPROVAL

Written by: Jarek Wicijowski, Property Agent
Reviewed by: Frank Long, Director of Saskatoon Land
Approved by: Clae Hack, Chief Financial Officer

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