

License Agreement Renewal at Saskatoon Field House – Saskatoon Health Region Authority

Recommendation

1. That a renewed license agreement between the City of Saskatoon and the Saskatoon Health Region Authority, from January 1, 2017 to December 31, 2021, as outlined in this report, be approved;
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; and
3. That the Administration be authorized to extend the renewed agreement with the Saskatoon Health Region Authority for an additional five years, from 2022 to 2026, subject to the parties' agreement upon the fees, which would be based on fair market value.

Topic and Purpose

This report provides an overview of the terms of the license agreement renewal with the Saskatoon Health Region Authority for the lower fitness room at the Saskatoon Field House.

Report Highlights

1. The City of Saskatoon (City) is seeking approval of a license agreement (agreement) renewal with the Saskatoon Health Region Authority (SHRA) to continue to offer health, wellness, and fitness programs in the lower fitness room at the Saskatoon Field House (SFH).
2. The Administration is requesting authorization to provide for an additional five-year extension, from 2022 to 2026, subject to the parties' agreement upon the fees for this renewal, based on fair market value.

Strategic Goal

Under the City's Strategic Goal of Quality of life, this report supports the long-term strategy of ensuring existing and future leisure centres, and other recreational facilities, are accessible physically and financially and meet community needs.

Background

Since 2004, the City has had a license agreement with the SHRA to use the lower fitness room at the SFH. This space has been used as an assessment office and fitness area to provide health and wellness programs to the residents of Saskatoon (see Attachment 1). The SHRA has been permitted use of the lower fitness room 50% of the time during hours the SFH is open to the public, and the schedule has been determined by the parties. When the space and equipment have not been utilized by the SHRA, they have been made available for use by the City. This shared use of

space and equipment has allowed both the City and the SHRA to provide programming for Saskatoon's citizens.

The term of the existing agreement was for five years, which commenced January 1, 2012, and will expire December 31, 2016.

Report

Proposed Terms of the Renewal Agreement

All terms and conditions from the existing agreement will remain the same in the renewal agreement, with the exception of the term of the agreement and the fees. The term of the proposed agreement is for five years, commencing January 1, 2017, and ending December 31, 2021. The SHRA shall pay the proposed annual licence fees to the City as follows:

- a) \$22,242.00 (\$1,853.50 per month), plus applicable taxes, for 2017;
- b) \$22,687.20 (\$1,890.60 per month), plus applicable taxes, for 2018;
- c) \$23,140.80 (\$1,928.40 per month), plus applicable taxes, for 2019;
- d) \$23,604.00 (\$1,967.00 per month), plus applicable taxes, for 2020; and
- e) \$24,075.60 (\$2,006.30 per month), plus applicable taxes, for 2021.

In consultation with the Real Estate Manager, Saskatoon Land, the proposed fees are based on fair market value with an annual increase of 2%. This percentage increase is based on current rental market values in the area.

For use of the fitness equipment, the City shall pay the SHRA an annual fee for maintenance and capital costs as detailed below:

- a) \$4,899.16 for 2017;
- b) \$4,997.15 for 2018;
- c) \$5,097.09 for 2019;
- d) \$5,199.03 for 2020; and
- e) \$5,303.00 for 2021.

Five-Year Extension of Renewal Agreement

The Administration is also seeking approval to provide for an additional five-year extension, from 2022 to 2026, subject to the parties' agreement upon the fees for this renewal, based on fair market value.

Options to the Recommendation

The Standing Policy Committee on Planning, Development and Community Services could propose new terms and/or conditions to the agreement with the SHRA. The Committee could also choose to terminate the existing agreement with the SHRA, and a Request for Proposals to rent out the space could be issued. These options are not recommended as the City and the SHRA have a partnership that offers complementary programs, as well as shared space and equipment, to meet the growing needs of Saskatoon's residents.

Public and/or Stakeholder Involvement

The SHRA has been involved in the negotiations and review of the terms of reference for the renewal agreement.

Financial Implications

In 2017, the City will collect \$22,242.00, which is a 2% increase over \$21,806.16 collected in 2016. In 2021, the City will collect \$24,075.60, which will be applied to the overall operating budget for the SFH.

In addition to the license agreement, the SHRA traditionally rents the track, warm-up area, weight room, courts, multi-purpose room, and meeting rooms; all for the purpose of program delivery. The value of this rent was \$62,800 in 2014, \$71,100 in 2015, and \$65,125 as of November 21, 2016.

Other Considerations/Implications

There are no policy, environmental, privacy, or CPTED implications or considerations; a communication plan is not required at this time.

Due Date for Follow-up and/or Project Completion

No follow up is required at this time.

Public Notice

Public notice, pursuant to Section 3 of Public Notice Policy No. C01-021, is not required.

Attachment

1. Map of the Saskatoon Field House Showing License Space for the SHRA

Report Approval

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Reviewed by: Kevin Kitchen, Acting Director of Recreation and Community Development

Approved by: Randy Grauer, General Manager, Community Services Department