
Right-of-Way Boulevard Leases – Policy Update

Recommendation

That the Standing Policy Committee on Transportation recommend to City Council:

1. That Council Policy C07-016, Lease of City Boulevards be revised as outlined in this report;
2. That all existing residential Right-of-Way leases are not renewed and eliminated by December 31, 2019;
3. That the lease rates for existing commercial leases be revised to reflect fair market value; and
4. That a subsidy of up to \$500 be offered to affected property owners to offset some of the costs of moving fences and/or other material off the Right-of-Way.

Topic and Purpose

The purpose of this report is to obtain City Council approval to revise Council Policy C07-016, Lease of City Boulevards regarding the Right-of-Way (ROW) leases to terminate current residential leases; new leases to not be considered going forward; and that Commercial lease rates will be revised to reflect fair market value over a five-year phase-in period.

Report Highlights

1. The City of Saskatoon (City) currently has 6 residential and 27 commercial ROW leases in place throughout the city.
2. The City will terminate the 6 current residential leases and will not consider any new leases going forward.
3. The City will revise the lease rates for all commercial boulevard leases over a five-year period to reflect fair market value.

Strategic Goals

This report supports the Strategic Goal of Asset and Financial Sustainability by updating the fees collected for commercial ROW leases and bringing them up to current market values. This report also supports the Strategic Goal of Quality of Life by removing the fences from public ROW which have proven unpopular amongst residents through terminating the 6 leases in residential neighbourhoods.

Background

The City currently leases ROW which includes (6 residential leases and 27 Commercial leases). Residential leases were typically for boulevards located adjacent to a homeowner's property allowing for a fence to be erected to expand property. In recent years, concerns have been raised regarding the uneven fence lines along a roadway and the restriction of sight lines.

Commercial leases are typically to allow for increased parking adjacent to a property/business. A review of commercial leases, some of which date back to 1979, indicated that the fair market value has not been updated for several years.

Report

Residential Leases

The City currently has entered into 6 lease agreements for residential properties which will be terminated. Affected property owners will be provided twelve months' notice to allow sufficient time to relocate fences and remove items built or planted in-ground on public ROW in the current lease agreements. Upon termination, the Administration will not enter into any new residential ROW leases going forward.

The Administration is proposing a subsidy of up to \$500 to affected property owners to help with costs of moving fences/trees/shrubs and other material upon submission of receipts.

Upon expiry of the lease, an onsite inspection will be completed to ensure all items have been removed and the public ROW restored. Material that is not removed before the end of 2019 will be removed by the City at the homeowner's expense.

Commercial Leases

The City has entered into 27 lease agreements with commercial properties to allow for additional parking adjacent to their properties where the ROW is not required for public purposes.

The Administration will work with Saskatoon Land to determine fair market values for the established leases, and the revised rates will be phased in over five-years. The City will contact all property owners to confirm their interest in continuing their lease agreement under the new lease rate. Property owners who no longer wish to continue their lease will also be provided twelve months' notice to restore the public ROW to its original condition. A subsidy of up to \$500 will be provided one time only (lessee's next lease negotiation) to help with costs of moving fences/trees/shrubs and other material upon the submission of receipts. An onsite inspection to ensure the public ROW has been restored to its original condition will be completed prior to reimbursement.

The lease rates will be reviewed every five years upon lease expiration. This will ensure lease rates are consistent with the fair market value going forward.

Options to the Recommendation

The five-year phase-in period for the revised commercial lease rates can be shortened or lengthened. The one-year notice for residential property owners to move fences/trees/shrubs can also be shortened or lengthened. The proposed timelines provide sufficient time to adjust to either the new rates or restore the ROW to its pre-lease condition.

The subsidy of up to \$500 to assist in the restoration of ROW can be adjusted. This is not recommended as Administration proposes that up to \$500 is reasonable to assist with removal of items and/or restoration of the ROW. In addition, under the current lease agreements, there is no requirement to provide compensation to lease holders for removing items off the public ROW upon expiry of the lease.

Communication Plan

Property owners will receive by mail information to explain the proposed changes, timeframes, and also include a frequently asked questions document.

Policy Implications

Council Policy C07-016, Lease of City Boulevards will need to be revised to reflect changes recommended in this report.

Financial Implications

Terminating the 6 residential leases will result in a reduction of revenue of \$2,890.43 annually. At the time commercial leases are required to be renewed, rates for each lease will be phased-in over a five-year period. Saskatoon Land has estimated the current fair market value of the commercial leases to be a total of \$150,000 per year once phased-in. Currently, the City collects approximately \$25,000 per year for the 27 commercial leases.

The number of lease holders who will take advantage of the \$500 subsidy to assist with the costs of moving items off the ROW is unknown at this time. If all 33 lease holders decide not to proceed with their lease and request reimbursement for the full \$500 subsidy, there would be a one-time cost of \$16,500. The Administration anticipates that most commercial leases will remain and therefore the total subsidy will be substantially lower than \$16,500. There is adequate funding in Transportation’s operating budgets to cover this subsidy.

Other Considerations/Implications

There are no environmental, privacy or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

There is no due date for follow-up and/or project completion.

Public Notice

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

Report Approval

Written by: Chris Helt, Special Projects Manager, Transportation
Reviewed by: David LeBoutillier, Acting Engineering Manager, Transportation
Jay Magus, Acting Director of Transportation
Approved by: Angela Gardiner, Acting General Manager, Transportation & Utilities Department