

CITY OF SASKATOON COUNCIL POLICY

NUMBER

C03-039

POLICY TITLE <i>Leasing and Licensing City-Owned Buildings to Outside Organizations</i>	ADOPTED BY: <i>City Council</i>	EFFECTIVE DATE <i>June 27, 2022</i>
ORIGIN/AUTHORITY <i>Approved by City Council meeting on June 27, 2022 – Item 8.3.5 - Report of Chief Financial Officer – Standing Policy Committee on Planning, Development, and Community Services</i>	CITY FILE NO. CK 600-0, 1000-0, and 0421-C03-024	PAGE NUMBER <i>1 of 5</i>

1. PURPOSE

This Policy provides direction for the leasing and licensing of City of Saskatoon (City) owned buildings to outside organizations when the building or portion thereof is not required for civic occupancy and/or when third-party management of the building and associated grounds is beneficial.

2. DEFINITIONS

- 2.1 Market Rent – The monetary sum that comparable buildings rent for in the open market, adjusting for any unique characteristics of the building and/or restrictions in use.
- 2.2 Occupancy Costs – All costs associated with the operation, maintenance, management and repair of the City-owned building and grounds or portions thereof occupied by the outside organization.
- 2.3 Public Offering – Any means of publicly advertising the building as available for rent that promotes a fair, open competition.
- 2.4 Surplus Buildings - Any City-owned building and grounds, or portions thereof, that:
- a) Is not required for City-employee accommodations and is capable of being leased or licensed to an outside organization;
 - b) Is not required to provide City programming or services; and
 - c) Is available for interim use.

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3. POLICY

The Administration may lease or license Surplus Buildings to outside organizations in accordance with the following:

3.1 Compensation

The compensation the City receives in return for granting an organization a lease or license of the Surplus Building will, unless otherwise specifically approved by City Council, equate to:

- a) Market Rent plus Occupancy Costs, which are to be paid directly or collected by the City as additional rent; or
- b) Management of the Surplus Building by the organization in lieu of rent where there are benefits from having an outside organization manage and pay the Occupancy Costs attributed to the Surplus Building on the City's behalf.

The City may consider requests from an outside organization to use City-owned buildings for an amount other than Market Rent. The leasing of Surplus Buildings for an amount other than Market Rent, whether management is provided in lieu of rent or for a monetary sum less than Market Rent, must be done in accordance with *Council Policy C01-021, Public Notice* and approved by City Council. The licensing of Surplus Buildings for an amount other than Market Rent may be granted by the Administration where:

- a) The amount of Market Rent is not reasonably calculable given the specific limitations or other circumstances of the proposed use; and
- b) The term of the license agreement:
 - i) is for no greater than one year; or
 - ii) can be terminated at any time at the City's discretion on no greater than six months notice.

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3.2 Procurement of Lessee or Licensee

The Administration will secure lessees and/or licensees in accordance with the following:

- a) For existing agreements, the Administration will negotiate renewals with existing lessees/licensees. Should the Administration be unable to come to agreeable terms with the lessee/licensee, the agreement will terminate at the end of the term and a new lessee/licensee will be secured in accordance with this Policy.
- b) For vacant Surplus Buildings the Administration will secure a lessee/licensee through a Public Offering of the available space.
- c) For turnkey concessions, the Administration will issue a Request for Proposals (RFP) for a specified term. Upon expiration, the Administration will issue another RFP for a subsequent operator.

Notwithstanding the foregoing, should the Administration be presented with a proposal to lease or license a building that is not Publicly Offered and deemed to be a Surplus Building, the request must be considered and approved in accordance with the following Responsibilities Section.

4. RESPONSIBILITIES

4.1 Saskatoon Land, Facilities, and Recreation and Community Development Departments shall:

- a) Recommend changes to this Policy, when required, to City Council through the Standing Policy Committee on Planning, Development, and Community Services.

4.2 Division Head or Chief shall:

- a) Authority to approve leases and licenses of Surplus Buildings at Market Rent for a term of 1 year or less where annual rent does not exceed \$20,000.

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- b) Authority to approve licenses of Surplus Buildings for an amount other than Market Rent where:
- i) The amount of Market Rent is not reasonably calculable given the specific limitations or other circumstances of the proposed use; and
 - ii) The term of the license agreement:
 - is for no greater than one year; or
 - can be terminated at any time at the City's discretion on no greater than six months notice.

4.3 City Manager shall:

- a) Authority to approve leases and licenses of Surplus Buildings at Market Rent for any length of term where annual rent does not exceed \$20,000, in accordance with *The City Administration Bylaw, 2003*.

4.3 Standing Policy Committee on Planning, Development, and Community Services shall:

- a) Receive, consider, and approve recommendations from Administration on leases and licenses of Surplus Buildings at Market Rent where annual net rent exceeds \$20,000.
- b) Receive, consider, and make recommendations to City Council on lease and license proposals where management of Surplus Buildings is proposed in lieu of rent.
- c) Receive, consider, and make recommendations to City Council for the leasing and licensing of Surplus Buildings at less than Market Rent.

4.4 City Council shall:

- a) Receive, consider, and approve recommendations from the Standing Policy Committee on Planning, Development, and Community Services for the leasing and licensing of Surplus Buildings where management of the property is proposed in lieu of rent.

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- b) Receive, consider, and approve recommendations from the Standing Policy Committee on Planning, Development, and Community Services for the leasing and licensing of Surplus Buildings at less than Market Rent.
- c) Approve amendments to this Policy