

Municipality Of Chatham-Kent
Community Human Services
Administration

To: Mayor and Members of Council
From: April Rietdyk, General Manager, Community Human Services
Date: February 18, 2020
Subject: Lease Renewal: 20 Merritt Ave, Chatham, Active Lifestyle Centre

Recommendations

It is recommended that:

1. The lease amendment for 20 Merritt Ave, Chatham to the Active Lifestyle Centre be approved.
2. The Mayor and Clerk be authorized to execute the lease amendment, subject to final approval of the terms of the lease amendment by the Chief Legal Officer.

Background

During the September 23, 2019 Council meeting, the following recommendation was approved:

1. The current lease agreement between the Active Lifestyle Centre (ALC) and the Municipality of Chatham-Kent be renegotiated. The renegotiation to include the transfer of responsibility for large capital items from the ALC to the Municipality.

The full report can be accessed at the following web link: <https://www.chatham-kent.ca/Council/Meetings/2019/Documents/September/Sep-23-20a.pdf>

Comments

In late 2018, the Active Lifestyle Centre (ALC) requested that their lease, signed November 1990, be renegotiated specifically with the request to transfer responsibility of large capital items to the Municipality. They are requesting that no other changes be made to the current lease. ALC will continue to be responsible for all ongoing maintenance, cleaning, and minor repairs required to maintain the ongoing functioning

of the Centre. They will also continue to be responsible for all utilities including but not limited to heat, hydro, water, phone, and internet. ALC staff also agree to continue to seek out and apply for available funding grants to support both capital and operating requirements of the Centre.

Following Council's approval on September 23, 2019, representatives from Legal Services and Community Human Services met with members of the Active Lifestyle Centre Board, both in person and via email, to renegotiate the lease. Key changes to the lease agreement are as follows:

The lease will expire in 2040. Previously the lease had a 99 year term, which became unworkable with the Municipality becoming responsible for larger capital items. Provisions have been made with the intention for the parties to meet in preparation for the 2040 expiry to discuss the relationship and determine the best approach/terms going forward at that point. Changes to the lease now allow five year renewals but those only occur on mutual agreement. If the parties cannot come up with a five year renewal, the lease automatically renews for one year terms subject to a 120 day termination clause before any renewal.

In order to operationalize the distinction between major capital repairs (which will now be the Municipality's responsibility) and day-to-day maintenance, new clauses were added to the lease to define "operational" and "capital" repairs, with all repairs of \$5,000 or less remaining as the responsibility of the Active Lifestyle Centre.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

- Economic Prosperity:
Chatham-Kent is an innovative and thriving community with a diversified economy
- A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

- Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

- Open, Transparent and Effective Governance:
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership
- Has the potential to support all areas of strategic focus & critical success factors
- Neutral issues (does not support negatively or positively)

Consultation

Legal Services reviewed the original lease and along with Community Human Services, negotiated changes to the renewal with the Active Lifestyle Centre. The proposed changes were submitted to the ALC on January 20, 2020. The Municipality received notification on January 29, 2020 that the ALC Board of Directors were in agreement with the proposed changes.

Financial Implications

As part of the original lease agreement, an operations committee consisting of two members appointed by the ALC and two members from municipal administration are to meet at a minimum of once per year. This is to ensure the Centre is operated in a manner acceptable to both parties and to determine facility rental rates and any planned or requested changes or repairs to the facility. Administration will provide information to Council regarding the impact to building lifecycle after the committee has met and reviewed the building in detail.

Prepared by:

April Rietdyk, RN, BScN, MHS, PHD PUBH
General Manager
Community Human Services

Reviewed by:

David Taylor
Manager, Legal Services

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