

	<p style="text-align: center;">City of Wetaskiwin Policy</p>	<p style="text-align: center;">City Owned Building Lease Policy</p>
<p>Policy #</p> <p>CO-010</p>	<p>Approved</p> <p>Resolution Number: 184/22</p> <p>Date: April 25, 2022</p>	<p>Revised</p> <p>Res. No:</p> <p>Date:</p>

Purpose

To establish guiding principles, standards and guidelines related to the lease terms and rates of City owned buildings with Not-for-Profit and For-Profit entities.

Policy

In a consistent, transparent, and equitable manner, and as prescribed by this policy, the City shall administer lease arrangements with Not-for-Profit and For-Profit entities for the use and/or occupancy of City owned buildings.

Definitions

In this policy:

“For-Profit Entity” means a person, group, or business with a primary goal of making a profit. Under this policy, for-profit entities are entitled to a 20% subsidized lease rate based on the total operational costs of the leased space.

“Lease” means a contractual arrangement between a lessee and a lessor for the use and/or occupancy of property.

“Lessee” means a person, group, or business that enters into a lease for the use and/or occupancy of property.

“Lessor” means a person, group, or business who owns property that is for lease.

“Not-for-Profit Entity” means an organization incorporated under the *Societies Act* or *Companies Act* of Alberta. Not-for-profit entities are entitled to a 60% subsidized lease rate based on the total operational costs of the leased space.

“Operating Cost” means the costs for provision of electricity, gas, water, sewer, telecommunication, cable and any other rates or services assessed in connection with the use and/or occupancy of City owned buildings.

Responsibilities

The City Manager shall ensure that all applicable standards and legislative requirements associated with this policy are satisfied.

Standards

1. Guiding Principles

Administration shall adhere to the following guiding principles in determining lease rates for City owned facilities:

- a. The City has a responsibility to hold City Property in trust and manage it prudently on behalf of the taxpayer;
- b. The City has an obligation to ensure public access and public use of City Property that is designed for such public use;
- c. City Property shall be Leased in a manner which: a) is consistent, equitable, and transparent; b) improves municipal service delivery; and c) strengthens community services that contribute to the quality of life in Wetaskiwin;
- d. City Property is primarily for public use and for the delivery of municipal and community services, and shall not be restricted based on race, culture, ethnic origin, religious belief, or finances.
- e. The City shall Lease Property in accordance with the Municipal Government Act.
- f. The City values partnerships, both with Non-Profit Organizations and For-profit Organizations, where there is a common interest and an opportunity to leverage the strengths, resources and means of each respective organization to obtain maximum benefit for the City and taxpayers.
- g. The City values the significant benefits, valuable services, and substantial volunteer time that Non-Profit Organizations contribute to community and the enhancements they provide to quality of life in Wetaskiwin.
- h. The City considers subsidized lease rates an indirect form of grant, with a real dollar cost to the City in the form of foregone Rent, property taxes, Operating Costs and Capital Replacement Costs.
- i. Operating grants to Non-Profit Organizations may be taken into consideration when granting subsidized lease rates.
- j. Council shall have the ability to make special exceptions to this Policy explicitly through Council resolution.

2. Lease Rate Analysis

The City Manager shall at least once every three years, analyze the average operational expenses for City facilities and present to Council a report on current City owned building lease arrangements, changes in facility operational costs and any proposed modifications to this policy.

3. Lease Guidelines

As a means to support organizations and to enhance the quality of life while delivering services economically to the residents of Wetaskiwin, the City may consider a subsidized lease for organizations leasing space in City owned buildings under the following circumstances:

- a. Where the organization provides suitable recreation, sport, cultural, and community-oriented activities, programs, or services which provide the greatest benefit to the community as a whole;
- b. where the primary services offered by the organization provide a demonstrable public benefit;
- c. where participation is available to a broad demographic in the community, or the organization services an identified need to an at-risk demographic in the community;
- d. where the organization provides the only opportunity for the service, activity, or benefit in the community;
- e. services provided to residents can be substantiated by a membership list or other suitable client records.

4. Not-for-Profit Lease Eligibility

Provided the Not-for-Profit offer programs or services that meet the Guidelines established under section 3 of this Policy, the City may grant a subsidized lease rate of 60% based on the total operational costs of the leased space where all the following conditions are met:

- a. the City owned building or space to be utilized will be operated by a registered Not-for-Profit entity;
- b. the Not-for-Profit entity must provide proof of Not-for-Profit registered status and be in good standing with the Province of Alberta Corporate Registry;
- c. the City does not need the subject property for alternate purposes during the proposed lease term; and
- d. the Not-for-Profit shall meet the exemption from taxation requirements in Section 362 of the *Municipal Government Act*.

5. For-Profit Lease Eligibility

Provided the For-Profit offers programs or services that meet the guidelines established under section 3 of the policy, For-Profit organizations that provide a public Recreation, Culture or Social Service within the community shall be entitled to a subsidized lease rate of 20% based on the total operational costs of the leased space subject to space availability.

- a. Audited financial statements may be requested to be reviewed by City Administration at anytime throughout the duration of the lease agreement.

- b. All For-Profit entities that do not provide a public Recreation, Culture, or Social Service within the community shall pay a lease rate that is equal to or greater than the total operational costs of the leased space.

6. Operating Cost Allocation

A lease agreement shall be subject to a cost allocation for the operating costs of the leased premises as a condition of the lease; this allocation may be subject to an annual cost escalation (inflation) factor as agreed to upon execution of the agreement.

7. Lease Agreements

The City Manager shall ensure that standardized Lease Agreement templates exist. These templates shall be updated at the discretion of the City Manager reflecting applicable terms and provisions to protect the interest of the City where possible and where necessary, lease agreement terms may be negotiated at the discretion of the City Manager.

8. Pre-Existing Leases

- a. The provisions contained within this policy shall be subject to new leases or renewal of lease at their expiration.
- b. In the event that the lease rent has increased more than 70%, the rent will be adjusted by 50% of the proposed rate increase.

9. Lease Opportunities

- a. Upon the expiration of a lease term, the entity shall have Right of First Refusal for a new lease, provided, at the discretion of the City Manager, the City does not require the building or any portion thereof for municipal purposes.
- b. When it is determined that a building in the City's inventory is available for lease, the City Manager shall administer public Expression of Interest and/or Request for Proposal processes.