

COUNCIL REPORT

To: Mayor & Council

Date: September 2, 2009

From: Bill Preisentanz, CAO

Re: Agreement – Northwoods Broadcasting (CJRL 89.5) – Valley Drive

Background

Similar to the recent Agreement ratified by Council for the Rogers Communication building and equipment on Valley Drive, there are similar facilities for CJRL. Previously, when the tower and facilities were under the control of KMTS there was no actual agreement in place only horse-trading of services. Because of the sale of KMTS to Bell Aliant, CJRL must now deal with the City with respect to the lands surrounding the tower.

New Agreement

CJRL have requested City approval to install a back-up generator to be located beside the buildings and equipment adjacent to the Valley Drive communication tower and water standpipe as per attached map identified as Schedule B.

An agreement has been drafted in consultation with the City solicitor, and the Operations Department supports the continued location of CJRL equipment at the Valley Drive site. It is a long term agreement (20 years) based on 5 years increments with a 3% annual rent escalation provision.

Rental Rate

As noted previously, there was no existing lease in place and therefore no historic rental rates by which to compare. There wasn't any information available from the two sister stations in Dryden and Fort Frances, suggesting that municipal property is not utilized in those communities. The local CJRL Manager in Kenora did volunteer information that in Saint John, NB the rental rate was \$1,000/annum. While the recent agreement with Rogers is based on \$7,600 per annum, however, in discussing rental rates with Bell Aliant, the rate is usually calculated on a percentage of the value of the infrastructure. Their highest lease rate is in the \$5,000 range for use of a communication tower and associated access roads. Again, it was suggested that the rate for buildings and equipment on the ground would be lower.

So, at this point, the rate identified in the agreement is \$2,000.00/annum with a 3% escalation. The rate is somewhat arbitrary but does recognize that the value of the equipment and building is substantially lower than the adjacent Rogers equipment site.

Recommendation:

That Council of the City of Kenora hereby give three readings to a bylaw ratifying an amending Agreement between the City of Kenora and Northwoods Broadcasting o/a CJRL 89.5 for lease of an equipment storage building adjacent to the Valley Drive communication tower.