



April 5, 2011.

City Council Committee Report

To: Mayor & Council

**Fr: Rick Perchuk, Operations Manager
John Nabb, Facilities Coordinator**

Re: Keewatin Public Works – Unit B

Recommendation:

That Council of the Corporation of the City of Kenora hereby gives direction to the Facilities Coordinator to continue to authorize a lease agreement between the City of Kenora and Ferometalcraft Ltd. for land described as Keewatin Public Works Garage Part 1, PLC126 Plan 23RR6726, 23R4158; Unit B.

Background:

Unit "B", was occupied by Baker Manufacturing and became available for lease on November 1st, 2010. Discussions commenced with Ferometalcraft Ltd., and a draft lease was drawn up February 28th 2011.

On March 18, 2011 First Student Canada contacted the City of Kenora requesting information on the availability of Unit B and extra lands surrounding Unit C at the Keewatin Public Works property. Upon review of First Student Canada's requirements and scale of operation, it was determined that their operation would create major congestion within the property and external traffic concerns within the area. Other concerns were site development costs for the City which would include additional entry and exits, parking areas, building demolition, water fill station relocation, loss of secondary public works yard and the cancellation of the Unit C Lease with KC Refrigeration, due to congestion issues relating to Unit C access. At this time all lease extensions and negotiations relating to unit A, B, and C were put on hold for further review.

The Revenue stream and term length of lease for Unit B would be the same for both potential Tenants.

Leasing to First Student Canada could realize a possible gain of revenue from lease of the area surrounding Unit C for bus and employee parking, at current rates of sixty cents/sq ft., but this gain would be offset by the capital investment required to develop the site. As well, there would be a loss of revenue from the Lease cancellation of Unit C.

A lease with Ferometalcraft Ltd. would not require capital investment for site development and the Unit C lease would remain intact if approved for extension.

I recommend that approval be given to enter into a lease agreement with Ferometalcraft Ltd. for Unit B and that an extension of Lease be granted to KC Refrigeration for Unit A & C.

Budget:

N/A

Communication Plan/Notice By-law Requirements:

Resolution required.

Distribution: R. Perchuk, J. McMillin, J. Nabb