



**Policy Title:** Corporate Leasing Policy

**Policy Number:** A09-POLICY-0006

<b>Policy Type:</b> Council Policy
<b>Policy Owner (Department, Contact):</b> Corporate Services, City Clerk
<b>Approval Authority:</b> Council

Administration			
<b>Effective Date:</b>	2024-05-15	<b>Last Review Date:</b>	2024-05-15
<b>Related Policy(ies):</b>	N/A		
<b>Related By-Law(s):</b>	N/A		
<b>Procedural Document:</b>	A09-PROCEDURE-0006		

## 1. Policy Statement

As the owner of property within the City of Quinte West, the City recognizes that it has many obligations and responsibilities. The City has a responsibility to be a steward of those lands. The City has a responsibility to ensure that its lands are being used in a way that provides the greatest utility to its residents. The City also has an obligation to balance its fiscal responsibility with its responsibility to ensure community organizations are able to operate effectively within the community. This Policy guides the City in balancing these obligations and responsibilities as it relates to leasing City-owned property.

## 2. Purpose

The purpose of this Policy is to establish guidelines for leasing property owned by the City of Quinte West. This Policy provides a framework for managing leases in a fair, transparent and accountable manner, and ensures that returns to the City are fair, reasonable, and are in the best interests of the City.

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**3. Scope**

This Policy applies to all new lease agreements and existing agreements upon renewal, for occupancy of City property by a third party (group or individual).

This Policy does not apply to encroachments on municipal rights-of-way and facility rentals.

**4. Definitions**

**Appraisal:** An estimate or opinion of the rental value of lands and/or buildings. Usually it is a written statement setting forth an opinion of the value of property as of a specified date supported by presentation and analysis of relevant data.

**City:** The Corporation of the City of Quinte West.

**Clerk:** The City Clerk for the City of Quinte West, or their designate(s).

**Community Lease:** An agreement to lease property at below market rates with community organizations that deliver services and programs to the public.

**Council:** The Council of the Corporation of the City of Quinte West.

**Designated City Staff Member:** The City staff person assigned by the Director of Corporate Services to carry out lease negotiations in accordance with the Policies and Procedures.

**Gross Lease:** An agreement in which the tenant pays a fixed rate of rent and the City pays all maintenance, utilities, and capital costs without further adjustment from the tenant.

**Lease:** An agreement between a landlord and a tenant for exclusive occupancy including grant of rights for a specified period of time and for a specified consideration (rent).

**Market Value:** The rate that a property would most likely command on the open market, as evidenced by current rentals/fees being paid for comparable property and for similar uses.

**Net Lease:** An agreement in which the tenant pays a base rent plus its proportionate share of maintenance, utilities, and other operating costs related to the tenant’s occupancy of the property.

**Not-for-Profit:** Corporations without share capital incorporated under Section II of the *Corporations Act of Canada* for the purpose of carrying on, without pecuniary gain to its

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members, objects of national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional or sporting character, or the like.

**Property:** All real property defined as land, buildings and structures or parts thereof.

**Realtor:** A person or business, retained by the City, that sells, leases, or provides professional advice regarding Property to the City.

**Tenant:** An individual, group or organization that pays rent to use or occupy land, a building, or other property owned by the City.

**Third Party:** An individual, group or organization that is engaged in negotiations to lease land, a building, or other property owned by the City.

## 5. The Policy

The administration of Leases shall be conducted in accordance with this Section.

### 5.1. Allocation of Property

5.1.1. Leases may be initiated in accordance with the following:

- By the City;
- Unsolicited request from a third party;
- Invitation of offers through open advertisement.

5.1.2. Where the City invites offers through open advertisement, leasing of City-owned property shall be subject to the following order of priority:

- Municipal purposes including administration, program and service delivery;
- Municipality funded agencies, boards and committees;
- Agencies with fee for service agreements;
- Not-for-profit organizations and other levels of government; and,
- General public.

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5.1.3. Council maintains the absolute discretion to lease property on such terms and conditions as may be fixed by Council for purposes which it deems to be in the best interest of the City.

**5.2. Market Value and Appraisals**

5.2.1. The Leasing of City Property shall be for Market Value plus Applicable Taxes, unless otherwise directed by Council.

5.2.2. Where a Property’s Market Value is unknown or disputed, the Clerk and/or Council may direct that the Property be subject to an Appraisal.

5.2.3. The Clerk may engage a Realtor at any time to help determine the Market Value of a Property if they feel that it is in the best interest of the City to do so.

**5.3. Written Leases**

5.3.1. All Leases will be written in a form satisfactory to the Clerk.

5.3.2. The Clerk may require that the lease be reviewed by the City’s Solicitor for comment and compliance with applicable legislation.

**5.4. Sub-Leasing**

5.4.1. Sub-leasing shall be permitted at the discretion of Council.

5.4.2. Tenants shall indicate their intention to sub-lease the Property to the Clerk prior to the execution of the Lease and the terms and conditions of the sublease shall be provided to Council for their consideration and approval.

5.4.3. Tenants may not sublease the Property unless provided for in the Lease. Failure to act in accordance with this Provision may result in the immediate termination of the Lease.

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**5.5. Approval of Leases**

- 5.5.1. The terms and conditions of a Lease shall be to the satisfaction of Council.
- 5.5.2. Council may direct the Clerk to engage the City’s Solicitor to review all or any portion of a Lease.

**6. Rental Fees and Costs**

All lease and ancillary fees shall be administered in accordance with this Section.

**6.1. Allocation of Costs**

- 6.1.1. Unless there is a compelling business case to do otherwise, a Lease shall be prepared as a Net Lease, whereby the Tenant is responsible for payment of rent and their share of all operating costs including but not limited to utilities, maintenance, insurance and other costs related to the tenant’s occupancy of the property.
- 6.1.2. All capital improvements to Leased property shall be paid by the City. Specified improvements required by the Tenant for Tenant use and approved by the City, shall be paid for by the Tenant, unless otherwise directed by Council and the terms and conditions of which are included in the Lease.

**6.2. Utilities**

- 6.2.1. Utilities shall be the responsibility of the Tenant if the Property is metered and the Tenant’s utility usage can be accurately measured.
- 6.2.2. Where the Tenant is using utilities and it is not possible to measure the Tenant’s portion of utilities, Council can direct that the City be responsible for the tenant’s portion of utilities, or that a nominal fee in lieu of utilities be included as part of the base cost of the Lease.
- 6.2.3. The Clerk and/or Council may direct that a meter be installed in any Property to measure the usage of utilities.

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### **6.3. Insurance**

- 6.3.1. The City shall not extend its insurance coverage to tenants.
- 6.3.2. The City will require tenants to carry their own insurance as determined by the City but not limited to property and liability coverage in the amounts deemed appropriate by the City.
- 6.3.3. All tenants shall name the City as an additional insured.

### **6.4. Rent Increases**

- 6.4.1. Leases shall be negotiated with appropriate terms that will allow the City to increase rents annually.
- 6.4.2. As a minimum standard, rent increases will be negotiated as annual fixed set increases in line with the Consumer Price Index for Ontario.
- 6.4.3. For leases with terms of 5 years or more, the City will include provisions in the lease which permit rents to be reviewed at market rates of no more than 5 year intervals.

## **7. Community Leases**

Community leases shall be administered in accordance with this Section.

### **7.1. Consideration of Community Leases**

- 7.1.1. The City may consider Community Leases subject to the provisions of this Section of the Policy. Sections 6.1 and 6.2 of this Policy shall not apply to Leases made under this Section. All other sections of this Policy still apply, unless Council directs otherwise.
- 7.1.2. Not-for-profit organizations in good standing with provincial or federal authorities shall be considered for a Community Lease.

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7.1.3. Organizations that meet the following criteria, to the satisfaction of the Clerk, may be considered for a Community Lease:

- The organization demonstrates a need/demand/gap in community that is not being met by the City or the private sector;
- The organization provides or administers a service, good(s) or program to residents of the City;
- The organization is suitable for the proposed Property;
- The organization can demonstrate that they have appropriate controls in place to ensure financial accountability and governance;
- The organization can demonstrate that there will be realized benefits to the City’s residents in return for a Community Lease.

7.1.4. The City may consider a grant for a portion or all of the rent for a Community Lease.

7.1.5. Approval of Community Leases are at the absolute discretion of Council.

7.1.6. Tenants may be required to submit reports at the discretion of Council to maintain eligibility for a Community Lease. Such reports may include requests for information on the organization’s activities, membership, revenues and expenses. Council may direct the organization to present this information to Council as a delegation to Council, from time to time, as a condition of maintaining eligibility for a Community Lease.

7.1.7. The City reserves the right to terminate Community Leases.

**8. Responsibilities and Authorities**

**8.1. Clerk**

8.1.1. The Clerk shall be responsible for preparing and amending all Leases in accordance with the Procedures.

8.1.2. The Clerk shall be responsible for preparing the executing by-laws for Council’s approval.

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- 8.1.3. The Clerk will make available resources to assist in liaising with potential tenants for the purpose of assisting in negotiating the terms and conditions of a Lease.
- 8.1.4. The Clerk shall be responsible for commissioning Appraisals and engaging Realtors in accordance with this Policy and the Procedures.

## **8.2. Director of Corporate Services**

- 8.2.1. The Director of Corporate Services, or their designate, shall be responsible for assigning a designated City staff member to liaise with potential tenants to determine the suitability of the Property for the tenant.
- 8.2.2. The Director of Corporate Services, or their designate shall be responsible for assigning a designated City staff member to liaise with potential tenants for the purpose of negotiating the terms and conditions of a Lease.
- 8.2.3. The designated City staff member assigned by the Director of Corporate Services shall be responsible for answering any questions from Council relating to a draft Lease.

## **8.3. Director of Finance/Treasurer**

- 8.3.1. The Director of Finance/Treasurer, or their designate shall be responsible for quantifying lost revenue on Gross Leases, Community Leases and grants, and providing that information to Council in accordance with the Procedures.
- 8.3.2. The Director of Finance/Treasurer, or their designate, shall be responsible for reviewing and providing comment to the Clerk and Council on insurance requirements.

## **8.4. Council**

- 8.4.1. Council shall be responsible for providing direction to the Clerk to administer Leases in accordance with this Policy.



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8.4.2. Council shall be responsible for approving all Leases in accordance with this Policy.

## **9. Review and Amendment Procedures and Guidelines**

9.1. This Policy shall be reviewed by the Clerk every 5 years.

9.2. This Policy may be amended at the direction of Council.

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<b>Legislative History</b>	
<b>Date</b>	<b>Description</b>
2024-05-15	Enacted Policy presented to Council - Staff Report QW-2024-00074 Adopted under Motion No. 24-272