



The Corporation of the Town of Tecumseh

Corporate Services & Clerk

To: Mayor and Members of Council

From: Laura Moy, Director Corporate Services & Clerk

Date to Council: February 23, 2021

Report Number: CS-2021-05

Subject: Parking Lot Lease Agreement Renewal
12150 Tecumseh Road J Kalbol Enterprises Inc.
Supplementary Report

Recommendations

It is recommended:

That CS-2021-05 entitled “Parking Lot Lease Agreement Renewal 12150 Tecumseh Road – J. Kalbol Enterprises Inc. Supplementary Report” **be received.**

Background

At the February 9, 2021 Regular Meeting of Council, CS-2021-03 entitled “Parking Lot Lease Agreement Renewal 12150 Tecumseh Road – J. Kalbol Enterprises Inc.” was presented to Council.

The purpose of the report was to seek direction from Council on the terms proposed by J. Kalbol Enterprise Inc. (Kalbol) for renewal of a Parking Lot Lease Agreement for exclusive use by the Town of Tecumseh (Town) of 26 parking spaces at 12150 Tecumseh Road, owned by Kalbol.

At the meeting, CS-2021-03 was deferred to the February 23, 2021 Regular Meeting of Council by Resolution RCM - 37/21. Administration was asked to:

- Provide a quantitative value and impact;

- Canvas the local businesses through the Tecumseh Business Improvement Area Coordinator (BIA) to endeavour to obtain input on their use of the lot and comments on existing parking supply;
- Discuss with the owner the prospect of a more modest increase in lease payment, as well as a shorter term lease to provide opportunity to see more progress on Tecumseh Road with the Community Improvement Plan (CIP), and a six-month notice of cancellation clause.

Comments

The BIA was contacted and agreed to canvass area businesses to obtain feedback on the use of the parking lot at 12150 Tecumseh Road, known municipally as Parking Lot 2.

The results are as follows:

- 32 businesses were contacted;
- 6 of the businesses have either closed or moved;
- 2 businesses did not respond;
- 6 businesses use the lot, all day and week, as well as their customers;
- 3 business does not use the lot, nor do their customers;
- 6 businesses do not use the lot; however, the lot is used by their customers;
- 9 businesses do not use the lot; however, it is used for overflow customer parking.

In summary, 12 of the area businesses indicated that either they and/or their customers use Parking Lot 2, and 9 of the business indicated that it was used for overflow parking.

On Friday, February 19, 2020, Administration met with Kalbol to discuss a change in terms and inquire whether he would be amenable to different terms. While he was amenable to a shorter term lease, and a six-month notice of termination clause in an agreement, he was not accepting of a lower lease payment. Kalbol revised his proposal as follows:

1. The Town to pay a yearly fee for use of the lot in the amount to be equal to the land taxes levied against the Parking Lot by the Town (tax rebate), payable in advance of the first day of the term. The said yearly fee shall increase by the amount of any increase in land taxes levied against the parking lot. (i.e. 2020 at \$1,968.97)
2. In addition to the above tax rebate, a yearly rental fee of \$5,021, plus HST. This fee is based on \$1 per space for 26 parking spaces, for each calendar day of the year (365 days), less Kalbol's estimated cost of the Town providing snow removal services (\$2,500) and less the tax rebate (\$1,968.97).

3. The Town shall assume responsibility for maintenance of the parking lot on a 50/50 ratio, as per the original offer and a change from the recently expired agreement of 63 (Town)/37 (Kalbol).

In total Kalbol is now seeking a combined lease payment and tax rebate of \$6,989.97 from the Town, plus 50 percent of maintenance costs.

Administration explained to Kalbol the informal advice received from an appraiser and realtor that a lease of the parking spaces ought to be in the range of \$2,000 to \$3,000. An offer of \$3,500 was made to Kalbol, subject to Council approval. Kalbol declined the offer.

Consultations

Financial Services
Public Works & Environmental Services
Tecumseh Business Improvement Association

Financial Implications

Capital costs incurred since 2000 include:

- 2000 \$17,561 (asphalt, striping, storm catch basins)
- 2018-2019 \$10,000 (asphalt maintenance, patch/pothole repair)
- Approximately \$1,380 per year

Operating costs incurred annually include:

- Winter control \$2,500
- Striping \$400
- Property tax \$1,900
- Approximately \$4,800 per year

Combined average annual Town contribution towards parking lot 2 is \$6,180, including capital and operating expenditures.

Kalbol's proposed rental agreement is as follows:

- Average annual capital expenditure (based on 50/50 sharing vs 63/37 sharing) would equate to \$1,095 (%1,095 current – decrease of 26%)

Operating costs would be:

- Space rental @ \$1/day x 365 days \$9,490

- Credit for Winter control and Property tax \$(4,400)
- Non rebated HST \$90
- Striping \$400
- Winter Control \$2,500
- Total Operating expenditure \$8,080 (\$4,800 current – increase of 68%)
- Total estimated Capital and Operating expenditure of \$9,175, or increase of 48%.
- Should we not incur capital costs, then the annual increase becomes \$1,900 or 31%.

Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input checked="" type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input checked="" type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

Communications

Not applicable ☒

Website ☐ Social Media ☐ News Release ☐ Local Newspaper ☐

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Laura Moy, Dipl. M.M., CMMIII HR Professional
Director Corporate Services & Clerk

Reviewed by:

Tom Kitsos, CPA, CMA, BComm
Director Financial Services & Chief Financial Officer

Reviewed by:

Phil Bartnik, P.Eng.
Director Public Works & Environmental Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
None	None