



**City of Kingston
Report to Council
Report Number 16-038**

To:	Mayor and Members of Council
From:	Cynthia Beach, Commissioner, Corporate & Strategic Initiatives
Resource Staff:	Peter Huigenbos, Manager, Real Estate & Land Development
Date of Meeting:	December 15, 2015
Subject:	Highway 15 Ambulance Station – Termination of Land Lease With Hotel Dieu and New Lease with County of Frontenac

Executive Summary:

In 1990, the Township of Pittsburgh entered into a 25 year land lease with Religious Hospitallers of Saint Joseph of the Hotel Dieu of Kingston (“Hotel Dieu”) to allow the construction of an ambulance station on a portion of the public works yard at 1665 Hwy 15. In 2003, the County of Frontenac entered into a sublease with Hotel Dieu for the ambulance building when it took over the land ambulance service (now referred to as Emergency Medical Services). The land lease contains the provision that should Hotel Dieu not exercise its renewal of the lease at the end of the 25 years, the building would revert to the Township’s (now City) ownership. The lease term ended September 30, 2015 with no renewal request. Staff is recommending that the City formally terminate the land lease with Hotel Dieu, assume ownership of the building and enter into a new lease as owner of the land and building with the County as designated delivery agent for Emergency Medical Services.

Recommendation:

That Council directs staff to provide Religious Hospitallers of Saint Joseph of the Hotel Dieu of Kingston with the City’s formal notice of termination of the land lease dated October 15, 1990 and the City’s assumption of ownership of the building; and

That Council authorizes the Mayor and Clerk to execute a new lease agreement with the County of Frontenac at fair market value for the land and the building for a period of 10 years with option to extend for a further 10 years on terms and conditions to the satisfaction of the Director of Legal Services.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER
Cynthia Beach, Commissioner,
Corporate & Strategic Initiatives

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER
Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Lanie Hurdle, Community Services	Not required
Denis Leger, Transportation, Facilities & Emergency Services	
Jim Keech, President and CEO, Utilities Kingston	Not required
Desiree Kennedy, Chief Financial Officer & City Treasurer	Not required

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Options/Discussion:

In 1990, the Township of Pittsburgh entered into a 25 year land lease with Religious Hospitallers of Saint Joseph of the Hotel Dieu of Kingston ("Hotel Dieu") to allow the construction of an ambulance station on a portion of the public works yard at 1665 Hwy 15. The land lease included a provision that if Hotel Dieu did not exercise a 15 year extension at the end of the 25 year term or if the building ceased to be used for ambulance services, the lease would be terminated and the Township (now the City of Kingston) would assume ownership of the building at no cost to the City. Hotel Dieu did not exercise its 90 day notice to renew the lease for an additional 15 years which expired September 30, 2015. Without exercise of specific notice, the lease continues on a month to month basis only.

In 2003, the County of Frontenac entered into a sublease with Hotel Dieu for the ambulance building when it took over the land ambulance service. Hotel Dieu received market rent from the County for the building. The County paid rent and utilities and assumed the majority of the capital maintenance expenses for the building. The County's sublease has also expired concurrently with the land lease on September 30, 2015.

Staff from Facilities Management & Construction Services has inspected the site and the condition of the building. It is a 2,360 square foot custom built concrete block building with two vehicle bays. It has been well maintained and will continue to serve the needs of the ambulance service for the foreseeable future.

In discussions with Hotel Dieu, senior staff has indicated its interest in terminating the lease. A notice was sent in November to advise Hotel Dieu of staff's intention to seek Council's approval to terminate the lease officially and assume ownership of the ambulance station building. No objection has been received at the time of writing this report.

As part of a service agreement with Frontenac County, the City contributes 80% of the leasing, operating and capital costs of the Emergency Medical Services net of any Provincial funding received. The annual total occupancy cost for the building is approximately \$64,000: \$27,000 in base rent, \$13,000 in utilities and \$24,000 in maintenance and capital repairs and replacements.

The County makes an application annually to the Province for grants equivalent to 50% of the occupancy costs, exclusive of capital costs. Accordingly, the City has been paying 80% of the balance of the leasing and operating costs for the sublease. The capital costs are unfunded by the Province and are assumed by the City (80%) and the County (20%).

Having the City assume ownership of the building is not expected to change the required annual operating and capital costs, however it will mean that the City will receive the rent as revenue separately from the City's Emergency Medical Services contribution.

Staff will work with the County of Frontenac to determine a new lease for the land and the building based on fair market rent as per the formula permitted by the Province.

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Existing Policy/By-Law:

The new proposed lease agreement will comply with the Revenue Leasing and Licensing Policy, last revised on December 20, 2011.

Delegated Authority By-law 2014-141 could not be used to execute this lease extension because the term exceeds the 10 year maximum term, including all renewals, as per section 3(c) of the by-law.

Notice Provisions:

None

Accessibility Considerations:

None

Financial Considerations:

The County will continue to pay annual base rent estimated at \$27,000 plus operating costs including maintenance and repair. The total amount will continue to be cost shared annually in accordance with the 80% City, 20% County contribution formula net of any Provincial contribution.

Contacts:

Peter Huigenbos, Manager, Real Estate & Land Development, 613-546-4291, ext. 3148

Other City of Kingston Staff Consulted:

Desiree Kennedy, CFO and City Treasurer

Speros Kanellos, Director, Facilities Management & Construction Services

Susan Nicholson, Director, Legal Services

Exhibits Attached:

None