

DATE OF MEETING DECEMBER 17, 2018

AUTHORED BY BILL CORSAN, DEPUTY DIRECTOR, COMMUNITY DEVELOPMENT

**SUBJECT 195 & 191 FOURTH STREET – LETTER OF INTENT FOR LEASE
WITH NANAIMO SEARCH AND RESCUE**

OVERVIEW

Purpose of Report

To obtain Council approval to enter into a Letter of Intent with Nanaimo Search and Rescue to formalize a long-term lease at 195 and 191 Fourth Street.

Recommendation

That Council:

- a) direct the Corporate Officer to execute the Letter of Intent with Nanaimo Search and Rescue; and
- b) direct Staff to return to a future Council meeting for final approval of the lease once the conditions within the Letter of Intent have been satisfied.

BACKGROUND

In 2009, the City of Nanaimo (the “City”) entered into a five-year lease agreement with the Regional District of Nanaimo (the “RDN”) for Nanaimo Search and Rescue (“NSAR”) to occupy a portion of the City-owned Harewood Activity Centre at 195 and 191 Fourth Street (the “Property”). The RDN leases the space on behalf of NSAR and pays \$24,000 per annum in rent to the City. The agreement was renewed for an additional term of five years and expires 2019-JAN-31.

NSAR is a non-profit group of volunteers dedicated to provide urban and rural search and rescue services to the public in the Nanaimo area. The organization has seen an increase in call volume in recent years and needs to expand and update their operations centre.

NSAR has secured an anonymous donation of \$1,000,000 for a new or renovated facility for their operations. In addition, NSAR has secured a grant of \$150,000 for capital improvements.

At the 2016-MAY-09 Committee of the Whole meeting, the Nanaimo Search and Rescue Society appeared as a delegation and provided a presentation to Council that identified limitations with its current operations centre at the Harewood Activity Centre (195 & 191 Fourth Street): limited internal space for the storage of vehicles and equipment; lack of office and classroom space; and insufficient parking for member’s vehicles when members are responding to incidents or during training activities. Council motioned for

“Staff to provide a report regarding the lease of land at the old Nanaimo Reservoir (1050 Nanaimo Lakes Road) to Nanaimo Search and Rescue and all related development issues.”

At the 2016-AUG-03 Council meeting, Staff provided a report to Council with options to relocate NSAR to the former Greater Nanaimo Water District (“GNWD”) offices at 1050 Nanaimo Lakes Road or to land adjacent to the former water reservoir on the GNWD lands at 1151 Nanaimo Lakes Road.

At the 2017-JUL-10 Council meeting, Staff were directed to commence lease negotiations with NSAR to relocate to the former GNWD office lands at 1151 Nanaimo Lakes Road and that Staff should return to Council for formal approval once lease negotiations were complete.

Upon receiving Council approval to begin negotiations on the former GNWD office location, NSAR conducted their due diligence including a siting study, preliminary drawings, and a cost estimate for the project. The project came back at an estimated \$2,000,000 for the new facility. In the summer of 2018, NSAR approached the Regional District of Nanaimo to secure funding for the project, but was not successful.

NSAR met with City Staff and requested that their existing funding be directed to the Harewood Activity Centre in exchange for a long-term lease or co-management agreement. Under this arrangement, NSAR would have full responsibility for the building.

Staff are supportive of this concept and will work with NSAR to further advance the proposal.

Staff have prepared a Letter of Intent (LOI) which sets out a process for further due diligence by both the City and NSAR (Attachment A). The LOI commits the City and NSAR to work together to create a “Facility Plan” that outlines the phasing of the proposed building upgrades and to map out who is responsible for the various components of investment and maintenance. In addition, the City and NSAR will work together to create a lease/co-management agreement for Council’s consideration by 2019-APR-30.

Council is being asked to approve the LOI to allow Staff and NSAR to move forward on the Facility Plan and the draft lease/co-management agreement.

OPTIONS

1. That Council:
 - a) direct the Corporate Officer to execute the Letter of Intent with Nanaimo Search and Rescue; and
 - b) direct Staff to return to a future Council meeting for final approval of the lease once the conditions within the Letter of Intent have been satisfied.
 - **Budget Implication:** Through the process set out in the Letter of Intent, Staff will work with NSAR to identify the level of resourcing required from the City. The Facility Plan study is anticipated to cost \$40,000 and the cost is to be shared by the City and NSAR.
 - **Legal Implication:** The City solicitor would prepare the lease documentation. The lease would require notification in the local newspaper as required under Section 26 and 94 of the *Community Charter*, and requires approval by Council at an open meeting.
 - **Strategic Priorities Implication:** The 2016-2019 Strategic Plan identifies Public Safety as a key priority.

- **Political Implication:** Support for the NSAR will be seen as a positive move of Council by the community.
 - **Other Implications:** A portion of the Harewood Activity Centre is intermittently used by groups other than NSAR . If NSAR were granted a long-term lease/co management agreement for the entire property, the other users would need to be accommodated in another City facility.
2. That Council not support the Letter of Intent with Nanaimo Search and Rescue.
- **Budget Implication:** Ultimately, the Harewood Activity Centre will require seismic upgrades and improvements to the various mechanical systems in the building.
 - **Political Implication:** NSAR provides a valuable service to the community and without a long-term agreement, it is unclear where they will operate from in the long run.
 - **Other Implications:** Not signing the Letter of Intent would enable Council to explore other options for the property, such as housing or a new recreation centre. |

SUMMARY POINTS

- Nanaimo Search and Rescue (NSAR) currently occupies a portion of the Harewood Activity Centre at 195 and 191 Fourth Street. The building is leased from the City by the Regional District of Nanaimo for NSAR.
- NSAR requires a more modern, updated facility to accommodate the increased levels of service the group is providing to the community.
- NSAR has a private donor and a grant with a total value of \$1,150,000 that could be used to construct a new facility or to rehabilitate the existing facility.
- Following two years of due diligence on a new facility at the former GNWD lands offices, NSAR has indicated a desire to work with the City to rehabilitate and modernize the existing Harewood Activity Centre.
- Staff have prepared a Letter of Intent that sets out a process for working with NSAR to develop a “Facility Plan” to identify what work needs to be done, the phasing of the redevelopment and what resources each party will allocate to the project. In addition a long-term lease/co-management agreement will be prepared.
- Council is being asked to approve the Letter of Intent. The results of the Facility Plan and the draft lease/co-management agreement will be presented to Council in the spring of 2019. |

ATTACHMENTS

ATTACHMENT A: Letter of Intent |

Submitted by:

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Concurrence by:

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