

DATE OF MEETING APRIL 27, 2020

AUTHORED BY LAURA MERCER, DIRECTOR, FINANCE

SUBJECT 2020 CITY FACILITY LEASING AND RENTAL RELIEF

OVERVIEW

Purpose of Report

To provide Council with information on City facility leasing and rentals proposed financial relief program under the COVID-19 Financial Response, Relief and Recover Framework.

Recommendation

That Council grant temporary relief from lease and rental payment to organizations that occupy City facilities that have been closed and/or have been severely impacted due to the Province of BC Health Emergency issued as a result of the COVID-19 Pandemic.

BACKGROUND

On 2020-MAR-17, the Province of BC declared a Provincial Health Emergency due to the COVID-19 Pandemic. All Parks, Recreation and Culture (PRC) facilities were temporarily closed as a result.

At the 2020-APR-09 Special Council meeting, Staff presented Council with the COVID-19 Financial Response, Relief and Recovery Framework. This framework outlined the estimated financial impact that the COVID-19 Pandemic could have on the City of Nanaimo.

At the 2020-APR-20 Special Council meeting, Staff presented the City Facility Leasing and Rental Relief information report for Council's consideration. At that meeting, Council was presented with information on the financial impact of providing temporary lease/rent relief to organizations that occupy space in the City's closed facilities.

DISCUSSION

In the 2020 – 2024 Financial Plan, \$987,762 (excluding parking) has been budgeted for lease and rental revenues for the 2020 year. Of this amount, PRC has budgeted \$374,485 for City facility rentals for 2020. As the PRC facilities have been closed, the organizations that have leased/rented space in these facilities have been required to temporarily close as well.

The Community Services Building, located at 285 Prideaux Street, is owned by the City and is home to several non-profit organizations. Under these extraordinary circumstances, these organizations have also been impacted by the COVID-19 Pandemic and are included in the list for lease/rental relief.

Consistent with the COVID-19 Financial Response, Relief and Recover Framework, Council could consider providing these organizations with temporary relief from monthly lease/rent payments for the duration of the closure. This will provide some immediate financial relief to those organizations who are unable to conduct their business due to the closures. Staff anticipate that lease/rental revenue would continue to be received from all the locations that have not been closed due to the COVID-19 Pandemic.

As these facilities incrementally start to reopen, the lease/rent payment for the first month will be prorated based on their re-open date.

Financial Implications

The following chart breaks the facility lease/rental revenue down by department. It also shows the amount of the relief if the closures persist until 2020-DEC-31. The \$245,380 represents the anticipated revenue loss for nine (9) months (April to December).

City of Nanaimo		
Facility Leases and Rentals		
2020 Budget		
	Budget	Relief
RCMP	\$ 290,893	\$ -
Real Estate Services	254,000	14,400
Public Works	48,384	-
Nanaimo Fire Rescue	20,000	-
Parks, Recreation & Culture	374,485	230,980
	\$ 987,762	\$ 245,380

OPTIONS

1. That Council grant temporary relief from lease and rental payment to organizations that occupy city facilities that have been closed and/or have been severely impacted due to the Province of BC Health Emergency issued as a result of the COVID-19 Pandemic.
 - The advantages of this option:
 - This would give temporary relief to those organization who operate in City facilities that have had to close due to the COVID-19 Pandemic.
 - The disadvantages of this option:
 - The City would not collect City facility rental revenue as outlined in the 2020 – 2024 Financial Plan.
 - Financial Implications:
 - The City would have an estimated decrease in City facility rental revenue of \$245,380 if the Health Emergency persisted to the end of the year.
2. That Council NOT grant temporary relief from lease and rental payment to organizations that occupy City facilities that have been closed and/or have been severely impacted due to the Province of BC Health Emergency issued as a result of the COVID-19 Pandemic.
 - The advantages of this option:
 - The City would continue to collect facility rental revenue for these facilities.

- The disadvantages of this option:
 - This would not provide any temporary relief to those organization that operate in City facilities that have had to close due to the Health Emergency related to the COVID-19 Pandemic.
 - Financial Implications:
 - There would not be an impact to the 2020 – 2024 Financial Plan.
3. That Council provide alternative direction. |

SUMMARY POINTS

- The City owns several facilities that have leased/rented space in them and the annual budget for 2020 for this revenue stream is \$987,762.
- PRC facilities have been closed due to the COVID-19 Pandemic and has budgeted lease/rental revenue of \$374,485 for 2020.
- Council is being asked to consider giving rental and lease payment relief to those organizations that have been closed to do the PRC facility closures.
- The estimated cost of the temporary lease/rent payment relief is \$245,380 if the closures are in effect to 2020-DEC-31.

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