

DATE OF MEETING | March 29, 2021 |

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**SUBJECT                      EXTENSION OF LEASES TO CBI HEALTH GROUP AND TEAM  
AQUATIC – 741 THIRD STREET**

## **OVERVIEW**

### **Purpose of Report**

To obtain Council approval to grant a lease extension to CBI Health Group and Team Aquatic for commercial space at the Nanaimo Aquatic Centre, located at 741 Third Street. |

### **Recommendation**

That Council:

1. approve a 21-month extension on the current lease agreements with CBI Health Group Inc. and Team Aquatic Supplies Ltd.; and
2. authorize the Mayor and Corporate Officer to execute the lease agreements. |

## **BACKGROUND**

The Nanaimo Aquatic Centre (NAC), located at 741 Third Street, opened to the public in June 2001. As well as public facilities, NAC includes three commercial tenants who have been conducting business under their respective agreements.

In 2001, a Request for Proposal (RFP) process for commercial tenants conducted by Parks, Recreation and Culture (PR&C) resulted in Summit Injury Management Inc. as the operator of the 151.2m<sup>2</sup> (1,627 sq. ft.) physiotherapy clinic. A lease was granted by the City with tenure for two five-year terms which expired 2011-MAY-31. Summit Injury Management Inc. is now doing business as CBI Health Group Inc. (CBI). On 2011-JUN-01, the City entered into a new agreement with CBI for two five-year terms, expiring 2021-MAY-31.

D. B. Perks and Associates Ltd. was selected through the original RFP process as the operator of a 25.5m<sup>2</sup> (275 sq. ft.) retail shop. The retail shop was granted a lease which expired 2011-MAY-31. D.B. Perks and Associates Ltd. is now doing business as Team Aquatic Supplies Ltd. (Team Aquatic). On 2011-JUN-01, the City entered into a new lease with Team Aquatic for two five-year terms, expiring 2021-MAY-31.

A third operator was selected to operate a food services area at NAC. The lease for a food service café has been assigned to different operators throughout its tenure. The café is currently occupied by Happy Harmony Childcare Inc., doing business as Happy Times Cafe.

Due to the COVID-19 pandemic, Happy Times Cafe has requested early termination of its lease, which is scheduled to expire on 2021-MAY-31.

CBI and Team Aquatic have both requested an extension to their current leases, which expire 2021-MAY-31. Both CBI and Team Aquatic are well suited for NAC as CBI offers physiotherapy and cardiac rehabilitation programs and Team Aquatic offers swimming and fitness products.

## **DISCUSSION**

NAC is currently not at full operational capacity due to the COVID-19 pandemic and the current Provincial health orders, which has limited business operations for the tenants of NAC.

Council is in the position to extend the current leases for 21 months, as a holdover, pending relaxation of public health orders and facilities opening back up to full capacity. A new RFP process is planned in 2022 by the City. The RFP process will enable interested parties to submit proposals to the City for the commercial space. CBI and Team Aquatic will have the opportunity to submit proposals.

If Council chooses to extend the current leases to 2023-FEB-28, the rent payments by both tenants would stay status quo for the extended term.

Staff have published a Notice of Disposition as required under Section 26 of the *Community Charter*.

## **OPTIONS**

1. That Council:
  1. approve a 21-month extension on the current lease agreements with CBI Health Group Inc. and Team Aquatic Supplies Ltd.; and
  2. authorize the Mayor and Corporate Officer to execute the lease agreements.
    - Advantages: The two tenants requesting an extension currently provide services to the public that are complementary to the community services offered at the NAC. Delaying an RFP process until 2022 will provide time for the public health orders to be resolved and adequate time to undertake a new RFP process.
    - Disadvantages: Extending the current leases by 21 months delays the City from finding new long-term tenants.
    - Financial Implications: The City will continue to collect \$2,034 monthly from CBI and \$800 monthly from Team Aquatic until 2023-FEB-28.
2. That Council deny the two-year extension of the current lease agreements with CBI Health Group Inc. and Team Aquatic Supplies Ltd.
  - Advantages: The agreement term would expire and the operators would likely enter into a month-to-month tenancy with the City.
  - Disadvantages: CBI and Team Aquatic may not view this as a fair process and may choose to vacate the building. Implementing a new a Request for Proposal process to find new tenants may be tricky while under public health orders restricting the operating capacity of the facility. New prospective tenants may be reluctant to enter into leases during the covid-19 pandemic with the facility at limited operations.

### **SUMMARY POINTS**

- CBI and Team Aquatic are existing tenants with a long-standing business relationship with the City and have been occupiers of the Nanaimo Aquatic Centre since 2001.
- The current lease term is scheduled to expire 2021-MAY-31.
- If Council approves the lease extensions the agreements would be extended until 2023-FEB-28.
- The RFP process is planned for 2022 to allow other prospective tenants to submit proposals to occupy the commercial spaces.

### **ATTACHMENTS**

ATTACHMENT A: Location Plan |

#### **Submitted by:**

Bill Corsan  
Director, Community Development |

#### **Concurrence by:**

Richard Harding  
General Manager, Parks, Recreation and  
Culture

Dale Lindsay  
General Manager, Development Services |