

## CITY OF FORT SASKATCHEWAN

### Food Gatherers Society Land Lease Request

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#### Purpose:

To provide Council with the information requested at the March 8, 2016 regular Council Meeting regarding options for the use of the land at 9901 – 90 Street by the Food Gatherers Society.

#### Background:

On February 13, 2015, the City of Fort Saskatchewan received a letter from the Food Gatherers Society requesting that the City lease the land adjacent to the current RCMP Detachment at 9901-90 Street to them for \$1.00 per year. No action was taken at that time.

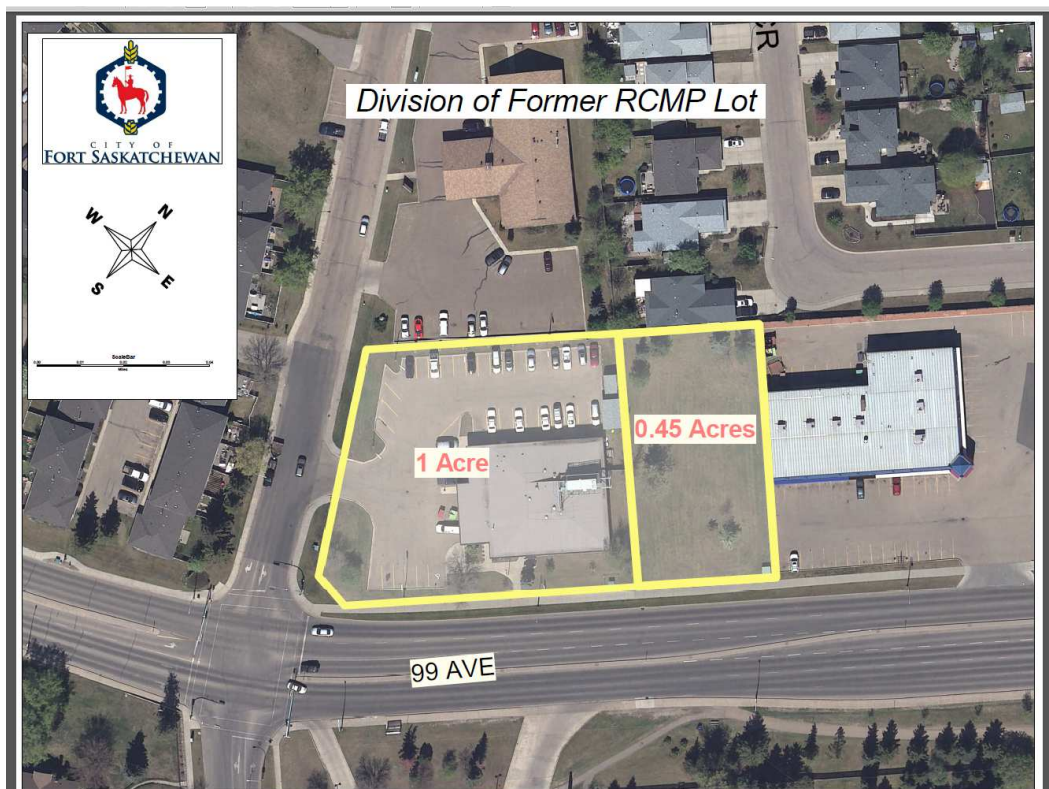
In May of 2015, Administration had discussions with the Food Gatherers Society regarding the use of the site in question to be used in a partnership with Habitat for Humanity. This idea did not move ahead as the project was deemed not feasible by Habitat for Humanity.

On March 8, 2016, Council passed the following motion:

*“That Administration be directed to research and provide Council with information for providing the land at 9901-90 Street (Lot 7, Plan 932 3415) in Fort Saskatchewan to the Food Gatherers Society by the end of June 2016.”*

#### Description:

The land in question at 9901-90 Street (Lot 7, Plan 932 3415) is directly adjacent to the current facility being leased by the Families First Society.

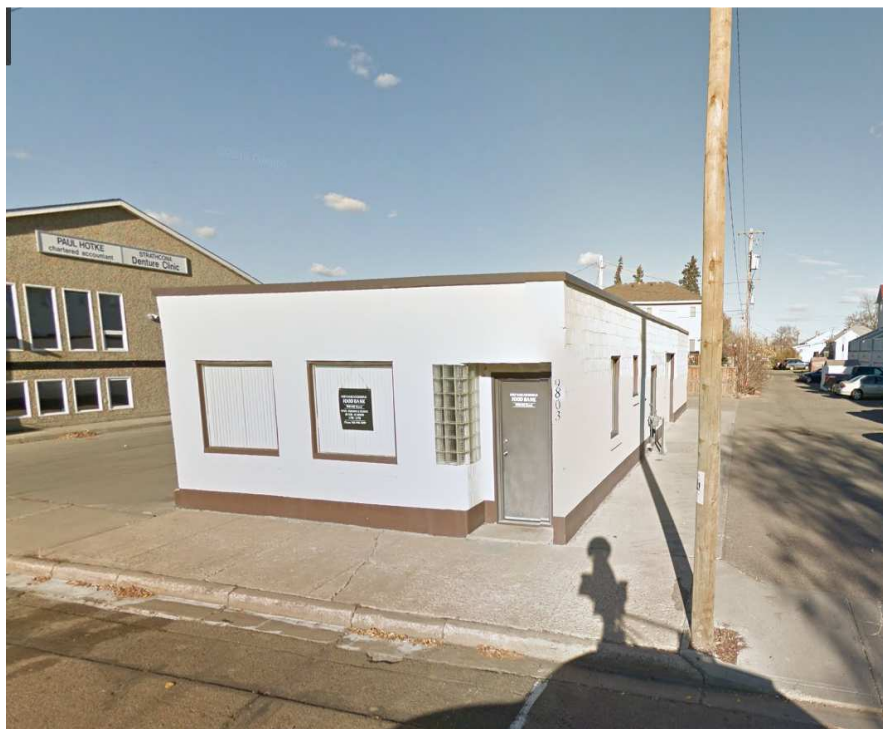


The site in question is part of a larger lot that includes the Families First Society facility. As such, a subdivision would have to be undertaken if the City were ever to consider selling the land. The portion of the site that would have the potential for redevelopment is roughly 0.45 acres. Using an assumed market value of \$500,000 per acre (estimated from the land appraisal done on the old hospital lands) would put the estimated market value of this land at \$225,000.

The current zoning on the land is PS (Public Service) which is a suitable definition for use by a non-profit service provider.

### **Analysis**

The Food Gatherers Society is currently in a facility located at 9803 - 102 Street. The Society has stated several times that their current facility prevents them from being able to fully serve the needs of the community and as such, they have been undertaking an extended effort to find a new building that has a greater storage capacity and is better suited for their administrative and customer service needs.



It is important to remember that while the Food Gatherers Society provides a valuable service to the community, they are an independent not-for-profit society. The City is not obligated to provide assistance financially or through an in-kind contribution. The financial requirements of purchasing land and constructing a facility have been a barrier to the Food Gatherers Society in addressing their facility capacity issues. The Society is fully funded by donations and grants and has no regular revenue sources.

There are a few different options that could be considered should Council decide to facilitate the Food Gatherers Society in their search and acquisition for a new facility:

1. **Allow the Food Gatherers Society to undertake the search for a solution to their facility capacity issues.**

This would essentially be considered a status quo option. The benefit is that it does not require public financial or in-kind support. The risk is they may not be able to find any solutions and this request will simply keep coming back to Council for consideration. In addition, continued community growth and a slow economy continue to put pressure on the need for this service in the community. Insufficient facilities will soon limit their ability to meet the demand that exists.

2. **Lease the land at a market rate.**

Discussions with the Food Gatherers Society, and an analysis of their financial statements show that they do not have the ability to make a substantial payment for ongoing operating costs beyond utilities and basic operating costs. An ongoing market lease would be estimated to be around \$1,000.00 per month (land only), which would be in addition to all facility related operating costs that society would be required to pay.

3. **Lease the land for \$10.00 per year and allow the Food Gatherers Society to construct a facility on the land.**

This solution would be similar to the arrangement with the Boys and Girls Club. The benefits are that the City would retain full ownership and control of the land. The risk is that the Food Gatherers Society would then proceed to build a permanent facility on the land, which would leave the City in a position where the land has no current or future use for City operations. The City would retain all of the liabilities and responsibilities associated with land ownership and the lease agreement.

4. **Sell the land at market rates.**

It is unlikely that the Food Gatherers Society can afford to pay for the land, in addition to construct a full facility.

5. **Land Swap**

The City could grant the site to the Food Gatherers Society in exchange for their current site. The current value of the Food Gatherers facility is assessed at \$120,000. Demolition of the current facility could cost \$50,000 at a minimum and could be as high as \$100,000 if there is hazardous materials in the building. This will leave the Food Gatherers Society with no assets with which to start their fundraising campaign. In addition, the Food Gatherers Society would then be responsible for all costs associated with land ownership such as property taxes, snow clearing, and landscaping.

6. **Land Grant**

The City would grant the land to the Food Gatherers Society. Administration would negotiate a land transfer that has a restrictive covenant on title that ensures the land ownership would revert back to the City in the event that the land is no longer needed by the Food Gatherers Society. The City would then be free of the legal responsibilities of land ownership and the Food Gatherers Society will have an asset with which they can use to contribute toward the construction of their new facility. This arrangement is not desired by the Food Gatherers Society as the land has very little value (with the restrictive covenant in place) and still leaves the Society with the operating costs of the land including property taxes, snow clearing, and landscaping. This arrangement is also challenging because there is an existing lease in place on the property, which would put the City in two different legal arrangements on a piece of land where cross-access agreements would have to be negotiated. The City could also grant ownership of the adjacent property to address that inconsistency, but that would be against

the express wishes of the Families First Society who prefer to maintain the current level of municipal support received by the City.

## **7. Facility Partnership**

The City could construct a neighborhood level community centre on the site and lease space within the facility to the Food Gatherers Society in addition to constructing space for other community needs such as meeting room and programming space, not-for-profit lease space, and market rate leased space. This would have an impact on the City's ability to move ahead with the priorities listed in the Recreation Facilities and Parks Master Plan Update and was not noted as a community priority during the public engagement process for that plan.

## **Legal Arrangement**

It is the preference of the Food Gatherers Society that option 3 (Lease the land for \$10.00 and construct a facility) be chosen as their needs are similar to those of the neighboring Families First Society. The lease agreement in place with the Families First Society includes the following level of service from the City:

- Lease commitment of \$1.00 per year
- Facility maintenance
- Parking lot snow clearing
- Capital lifecycle replacement
- Legal/Lease costs

A potential lease agreement with the Food Gatherers Society would differ in that the City is only leasing the land and the facility would still be owned by the Food Gatherers Society. As such, facility maintenance and capital lifecycle replacement would be the responsibility of the building owner. There would still be operating costs for snow clearing and minor administrative support to the City, which would be added to the budget in the year that the facility is constructed.

## **Conclusion**

If Council wishes to provide support to the Food Gatherers Society, it is the recommendation of Administration that the City lease the land to the Food Gatherers Society for \$10.00 per year and allow them to construct a facility on the property. This fits with the precedent that was set for the Families First Society who leased the adjacent facility for a nominal fee annually. In addition, any other arrangement is likely not feasible from a financial perspective and will result in the situation where this matter continues to be an issue for the City in the years ahead.

## **Plans/Standards/Legislation:**

City of Fort Saskatchewan Strategic Plan Corporate Strategic Plan:

- 3.3 Promote Sustainability through infill development.
- 4.3 Continue to develop and maintain strong relationships with our neighboring municipalities and civic organizations.

**Financial Implications:**

The general financial implications for the City are not significant with respect to operations. Generally, the cost implications are related more with the lost opportunity cost to the City if the land were to be sold (roughly \$200k) or leased out privately. Since there is no facility to lease on the land, there is likely no value.

The City will be taking on another lease arrangement, which has administrative implications and will need to continue to negotiate the details of the lease prior to approving the construction of a facility on the property.

**Alternatives:**

1. That Council not designate the 0.45 acre north-eastern section of vacant land at 9901 - 90 Street (Lot 7, Plan 932 3415) for the Food Gatherers Society (Status Quo – no motion required).
2. That Council designate the 0.45 acre north-eastern section of vacant land at 9901 - 90 Street (Lot 7, Plan 932 3415) in Fort Saskatchewan for the use of the Food Gatherers Society for the purposes of constructing a new Food Bank facility; and
  - a) direct Administration to lease the 0.45 acre north-eastern section of vacant land at 9901 - 90 Street (Lot 7, Plan 932 3415) in Fort Saskatchewan to the Food Gatherers Society for \$10.00 per year for a minimum period of 10 years, or
  - b) direct Administration to subdivide and sell the 0.45 acre north-eastern section of vacant land at 9901 - 90 Street (Lot 7, Plan 932 3415) to the Food Gatherers Society for \$10.00, or
  - c) direct Administration to sell the 0.45 acre north-eastern section of vacant land at 9901 - 90 Street (Lot 7, Plan 932 3415) to the Food Gatherers Society at less than market value. (Amount to be specified by Council).

**Attachments:**

Request Letter dated February 13, 2015 from the Food Gatherers Society.

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File No.:

Prepared/Approved by:	Troy Fleming General Manager, Infrastructure & Community Services)	Date: May 4, 2016
Reviewed by:	Kelly Kloss City Manager	Date: May 4, 2016
Submitted to:	City Council	Date: May 10, 2016