

MANAGEMENT REPORT

Date: November 27, 2023
To: Mayor and City Councillors
From: Joan Thomson, Chief Administrative Officer
Report Number: COU23-135
Attachments: Council Report COU22-082

Title: Lease Agreement Extension Requests – former Stratford Normal School | Discovery Centre and Municipal Parking Lot

Objective: To consider the requests from the Stratford Festival Theatre to extend the current leases for the continued use of the former Stratford Normal School | Discovery Centre at 270 Water Street and the municipal parking lot at Queen Street and Lakeside Drive, to April 2025.

Background: The City of Stratford owns the former Stratford Normal School | Discovery Centre located at 270 Water Street and the municipal parking lot at the corner of Queen Street and Lakeside Drive.

The City leased the building and the municipal parking lot to the Stratford Festival Theatre in multi-year lease starting in 2009 with an end term of April 2021. This lease was extended during COVID-19 for one year to April 2022.

Since then, the Parties entered into shorter term leases while considering the lingering impacts of COVID-19.

The Parties agreed to enter into a one year lease from May 1, 2022 to April 30, 2023 with an option to extend the lease for a further one year term to April 30, 2024. This option was exercised by both Parties. Council Report COU22-082 attached, provides background and analysis of the current terms and conditions of the two leases between the Stratford Festival Theatre and the City of Stratford.

The Festival Theatre has now requested a further one year extension of both leases to April 30, 2025.

Analysis: If Council wishes to extend the two leases to April 30, 2025, it is recommended that the terms and conditions be similar to the current leases. It is further recommended that rent be increased to \$135,000 plus HST for the Stratford

Normal School | Discovery Centre and \$20,658 plus HST for the municipal parking lot and a \$8,174.24 contribution to parking lot resurfacing reserve. [8.7%].

It is recommended that the City extend the current leases to April 2025 for this building and parking lot while the City explores longer term options for both properties.

Financial Implications:

Financial impact to current year operating budget:

The 2023 rent is \$125,000 plus HST and is included as rental revenue in the Community Services Department budget. The City has not scheduled major capital repairs or replacement work for the building in 2023.

Financial impact on future year operating budget:

If the request from the Festival Theatre is extended to April 30, 2025, the building rent will be included in the Community Services Department budget to offset city expenses related to the building. The parking lot rent is included as annual parking revenue and the resurfacing contribution amount will be put into the Parking Reserve for future work required on the lot.

Link to asset management plan and strategy:

The former Stratford Normal School | Discovery Centre is included in the City's Asset Management Plan and required capital work is included for the building in the City's 10 Year Capital Plan. Like many city facilities, there are not enough funds in the City's Reserves to complete all of the work required based on the 2020 Building Condition Assessment. Significant dollars, represented by increases to the tax levy, will need to be put into the Reserve to adequately maintain the building plus dollars needed to renovate the interior. While there are no planned capital projects in 2024 at this time, the 10 Year Forecast includes estimates of almost \$4 million for subsequent years and funding this will be a budget increase of an average of \$400,000 annually to address these future repairs to this City asset.

Insurance considerations:

Both Parties to the agreements are required to carry appropriate liability insurance coverage as Landlord and Tenant respectively, minimum of \$5 million.

Alignment with Strategic Priorities:

Strengthening our Plans, Strategies and Partnerships

Partnering with the community to make plans for our collective priorities in arts, culture, heritage and more. Communicating clearly with the public around our plans and activities.

Developing our Resources

Optimizing Stratford's physical assets and digital resources. Planning a sustainable future for Stratford's resources and environment.

Widening our Economic Opportunities

Strengthening Stratford's economy by developing, attracting and retaining a diversity of businesses and talent.

Alignment with One Planet Principles:**Culture and Community**

Nurturing local identity and heritage, empowering communities and promoting a culture of sustainable living.

Staff Recommendation: THAT the entering into of one-year extensions to the current leases with The Stratford Shakespearean Festival of Canada for the use of the Stratford Normal School | Discovery Centre at 270 Water Street and for the use of the municipal parking lot at Queen Street and Lakeside Drive to April 30, 2025, be approved;

AND THAT the Mayor and Clerk, or their respective delegates, be authorized to execute one year lease extensions on behalf of The Corporation of the City of Stratford.

Prepared by: Joan Thomson, Chief Administrative Officer

Recommended by: Joan Thomson, Chief Administrative Officer