



MANAGEMENT REPORT

Date: January 27, 2025
To: Mayor and Council
From: Joan Thomson, Chief Administrative Officer
Report Number: COU25-009
Attachments: None

Title: Consideration of Lease Extensions – 270 Water Street and Queen Street Parking Lot

Objective: To consider the request from the Stratford Festival Theatre to extend the current leases for the use of the Discovery Centre at the Normal School at 270 Water Street and the municipal parking lot at Queen Street and Lakeside Drive, to December 31, 2025.

Background: The City of Stratford owns the former 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 leases 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. This lease has been extended for two separate one (1) year terms upon agreement by both Parties and the current leases are set to expire April 30, 2025.

Following an internal review of the City's property assets in the Fall of 2024, City Council is considering the potential sale and disposition of 270 Water Street, excluding the eastern balance of the property, which is intended to be severed and maintained as City-owned parkland. No decisions have been made by City Council at this time.

The municipal parking lot at the corner of Queen Street and Lakeside Drive is not part of the potential sale process of the Discovery Centre building.

While discussion on the future ownership of the Discovery Centre is ongoing, the Festival Theatre has requested a further extension of both leases from April 30, 2025 to December 31, 2025.

Analysis: If Council wishes to extend the two leases to December 31, 2025, it is recommended that the terms and conditions be similar to the current leases. It is further recommended that rent be increased by \$10,000 prorated for the 8 months of 2025 that the lease extension would apply [\$135,000 [2024 lease amount] + \$6,670. [rounded] plus HST for the Discovery Centre and \$20,658 [2024] + CPI increase plus HST for the municipal parking lot and a \$8,175 contribution to parking lot resurfacing reserve. [8.7%].

It is recommended that the City extend the current leases to December 31, 2025 for the Discovery Centre and the municipal parking lot while the City explores longer term options for the Discovery Centre building.

Financial Implications:

Financial impact to current year operating budget:

The rent for 270 Water Street is included as rental revenue in the Community Services Department budget. The rent amounts are used by the City to offset some of the City's expenses for building insurance, capital reserve contributions, maintenance and repairs if more than \$15,000 and commercial taxes payable.

The City has not scheduled major capital repairs or replacement work for the building in 2024 or 2025.

The rent for the Queen Street parking lot 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.

Financial impact on future year operating budget:

To be determined.

Insurance considerations:

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

Alignment with Strategic Priorities:

Enhance our Infrastructure

This report aligns with this priority as continual review of City assets to ensure they are optimally used helps to ensure the best value for City operations.

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 request to extend the current leases with The Stratford Shakespearean Festival of Canada for the use of the Discovery Centre at the Normal School at 270 Water Street and for the use of the municipal parking lot at Queen Street and Lakeside Drive to December 31, 2025, be approved;

AND THAT the Mayor and Clerk, or their respective delegates, be authorized to execute 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