



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	May 21, 2014
SUBJECT/REPORT NO:	Hamilton Municipal Parking System – Renewal of Parking Lease (Car Park #80), 191 King Street West and 22-30 Bay Street South, Hamilton (PED14097) (Ward 2)
WARD(S) AFFECTED:	Ward 2
PREPARED BY:	John Hamilton 905-546-2424 Ext. 7045
SUBMITTED BY:	Neil Everson Acting General Manager Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That City Council approve a lease renewal agreement with Leggat Investments Limited and Oakland “6” Limited, subject to the following terms and conditions:
- (i) **Term:** Five years commencing October 1, 2014, and terminating on September 30, 2019, together with a five year renewal option;
 - (ii) **Property:** Car Park #80, 191 King Street West and 22-30 Bay Street South, Hamilton, comprising a gross area of 67,882 square feet (205 parking spaces) located at the south-west corner of Bay Street South and King Street West, including frontage along George Street;
 - (iii) **Rental Rate:** From the date of commencement, being October 1, 2014, the City shall pay net annual rent of \$235,000 plus H.S.T. in the first year, escalating by \$10,000 per year plus H.S.T. In the final year, the rent will have grown to \$275,000 year;
 - (iv) **Operating Costs:** The City is responsible for all operating costs, save and except property taxes, which are exempted;

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- (v) **Renewal Option:** Upon six months' notice before expiry of the five year term, (September 30, 2019) the City of Hamilton will have the option to renew the lease for an additional five year term under the same terms and conditions, save for the rental rate, which will be negotiated at the prevailing market rate;
- (vi) **Parking Passes:** Each landlord, i.e. Leggat Investments Limited and Oakland "6" Limited, will be given one parking pass allowing it to park at the Hamilton Convention Centre for free (two passes in total);
- (b) That all rent and operating expenses be charged to Dept ID 490305 King and Bay;
- (c) That the Mayor and City Clerk be authorized and directed to execute the Lease in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

This Report seeks Council's direction to enter into a lease amending and renewal agreement with Leggat Investments Limited and Oakland "6" Limited for Car Park #80, located at 191 King Street West and 20-32 Bay Street South. The City, through its Parking Division, has leased the subject property for use as a public parking lot from the same landlord(s) since 1993.

Alternatives for Consideration – Not applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: It is understood that Car Park #80 will continue to operate profitably under the proposed rental structure.

Staffing: There are no increases to staff levels associated with the recommendations of this Report.

Legal: Legal Services Division has reviewed the lease.

HISTORICAL BACKGROUND

Municipal Car Park #80 is situated at the south-west corner of Bay and King Streets and is considered essential to the Hamilton Municipal Parking System (HMPS), with 205 spaces. This is the largest surface parking lot operated by HMPS and has close proximity to major generators such as Copps Coliseum, McMaster Health Centre, Homewood Suites Hotel, Standard Life and Jackson Square, and is the only municipal surface lot in this area of the downtown. Based upon the Downtown Hamilton Parking

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Study and Parking Garage Assessment dated March 2013, Car Park #80 operates at 109% utilization.

The City of Hamilton, through the Parking Division, has leased the subject location for use as a public parking lot since 1993. The latest lease renewal covered the period from October 2009 to September 2014, over which the rental rate increased from \$195,000 per year to \$225,000 per year. In this lease arrangement, the City is responsible for paying all expenses on the property, except for property taxes, as the subject property is classed as a Municipal Capital Facility under Section 110 of the Municipal Act, and is therefore exempt.

This area of downtown Hamilton has shown considerable growth within the past few years resulting in a reduction of available parking due to redevelopment. A major component of the City's overall public parking strategy for downtown is to absorb demand and maintain a municipal presence. Accordingly, HMPS places significant importance on retaining Car Park #80 within its parking portfolio.

Out of town visitors to the City are attracted to this municipally run facility for its location, appearance and reasonable rates. Without this parking lot, area parking rates would more than likely increase and the physical appearance of this high profile facility would not be maintained at the current municipal standards. This facility provides municipal parking and a positive public experience of parking downtown.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The recommendation is consistent with the City's Real Estate Portfolio Management Strategy Plan, as approved by City Council on November 24, 2004, and Procedural By-Law No. 04-299. City Council, in approving the Consolidation of Routine Real Estate Matters, authorized the delegation of authority to approve the acquisition, disposition or lease as follows: to the General Manager or designate for a lease value not exceeding \$150,000 annual rental; to the City Manager or designate for a lease value not exceeding \$250,000 annual rental. As the lease term including renewal option is in excess of five years, City Council approval is required to approve the recommendations contained within this Report.

RELEVANT CONSULTATION

- City Manager's Office, Legal Services Division;
- Leggat Investments Limited and Oakland "6" Limited; and,
- Planning and Economic Development Department, Hamilton Municipal Parking Service.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

By adopting the lease recommendation, the City will have secured a five year lease at rates that are considered below market levels for its most important surface parking facility. The five year renewal option provides the City with additional comfort and time to erect an alternate above-ground facility in the immediate area, should conditions warrant.

ALTERNATIVES FOR CONSIDERATION

Not applicable

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.
- 1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts.
- 1.4 Improve the City's transportation system to support multi-modal mobility and encourage inter-regional connections.
- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.3 Enhance customer service satisfaction.

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APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED14097 - Location Map

JH/sd