



CITY OF HAMILTON
Planning and Economic Development Department
Tourism and Culture Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	January 14, 2015
SUBJECT/REPORT NO:	Lease Agreement for Veevers Estate, 22 Veevers Drive to Hamilton Wentworth Green Venture (PED15005) (Ward 5)
WARD(S) AFFECTED:	Ward 5
PREPARED BY:	Ian Kerr-Wilson (905) 546- 2424 Ext. 1747
SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That a Lease Agreement with Hamilton-Wentworth Green Venture for the occupation of the City-owned Veevers Estate, 22 Veevers Drive in Hamilton, attached as Appendix “A” to PED15005, be approved;
- (b) That the Mayor and City Clerk be authorized and directed to execute, on behalf of the City of Hamilton, the Lease Agreement between the City of Hamilton and Hamilton-Wentworth Green Venture, for the property known as Veevers Estate, located at 22 Veevers Drive in Hamilton, attached as Appendix “A” to Report PED15005, and all associated necessary documents, in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

Report PED15005 provides staff with direction to enter into a Lease Agreement with Hamilton-Wentworth Green Venture (Green Venture) for the adaptive re-use of the City-owned Veevers Estate, located at 22 Veevers Drive in Hamilton as EcoHouse, an environmental education facility promoting sustainability. The term of the Lease Agreement is for a period of 12 years with a nominal fee of two dollars / year, plus HST.

Staff from Legal Services Division, City Manager’s Office and Tourism and Culture Division, Planning and Economic Development Department has been working with Green Venture staff to update the previous Lease Agreement which has expired.

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The intent of the Lease Agreement is to retain the current tenant and continue the adaptive re-use arrangement for the Veevers Estate. This Agreement has minimal impact on the municipal levy. As in the previous Lease Agreement, Green Venture will be responsible for all day-to-day costs for the facility. The City, as owner of the estate, will include longer term Capital upgrades and preservation initiatives, as necessary, in its ten-year Capital plan. These agreements are the same as the previous lease.

Green Venture is responsible for, but not limited to, all operation and maintenance costs, realty taxes, capital taxes, local improvements, development charges, sewage and drainage charges, if applicable, and all charges and levies utilized for municipal services of every nature and kind. These municipal services include, but are not limited to water, education, sanitary sewers, storm sewers, hydro and gas. The Lease Agreement does provide for Green Venture to seek relief from these charges if they would compromise the viability of the operation. The City may provide such relief at its sole discretion. In such an instance, this would require Council approval.

Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Operational and maintenance costs for the property, as outlined in the Lease Agreement, will be borne by Green Venture. As in the previous Lease Agreement, longer term Capital improvements, as a responsibility of the City, will be incorporated into the 10-year Capital Plan for the Tourism and Culture Division.

Staffing: There are no staffing implications associated with the recommendations of Report PED15005.

Legal: Legal Services Division will be involved in the development of the Lease Agreement through to its completion.

HISTORICAL BACKGROUND

On September 10, 1985, City Council approved the gift of the Veevers Estate under Terms of Wills of Ronald and Bertram Veevers. The Wills stipulated that the Estate be operated in perpetuity as a horticultural / historical resource centre. The City did not acquire ownership of the property, however, until 1995 with the death of Bertram Veevers.

At that time, staff undertook to find a tenant to operate Veevers Estate as an adaptive re-use of the facility and also one that met the terms of the Veevers' Will. In 2001, Council approved (CS01058) a Lease Agreement with Hamilton-Wentworth Green Venture to operate EcoHouse in a manner consistent with the bequest. Green Venture agreed to use the Veevers Estate as a 'horticultural / historical resource centre'.

The Lease Agreement expired in 2012. City and Green Venture staff has been working to update and refine the Lease Agreement in light of the experience of the last ten years.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Veevers Estate, 22 Veevers Drive has been designated under Part IV of the Ontario Heritage Act. Important to the preservation of the property are the original features of all four facades of the 1850's farmhouse. Any alterations to these resources require consultation with the Municipal Heritage Committee and the issuance of a Heritage Permit. Responsibility for securing the necessary permit is the responsibility of Green Venture.

RELEVANT CONSULTATION

Legal Services Division and Tourism and Culture Division staff have worked closely with Green Venture staff to develop a Lease Agreement, attached as Appendix "A" to Report PED15005, which is satisfactory to both parties.

ANALYSIS AND RATIONAL FOR RECOMMENDATION

Currently, the Veevers Estate is owned by the City of Hamilton and occupied by Green Venture. This has proven to be a highly successful adaptive re-use of a heritage facility. Green Venture has been an excellent tenant.

The Lease Agreement will allow Green Venture to continue its valuable community public programming and enable the City to maintain and preserve an important part of Hamilton's heritage at minimal expense.

The re-adaptive use of a vacant heritage facility offers many benefits to the City. Well-conserved and interpreted heritage places add to the social infrastructure and cultural identity of their local community. The Canadian Heritage Foundation provides several arguments such as:

- Curb landfill – re-adaptive use helps reduce Canada's annual ten million tonnes of construction and demolition waste;
- Reduction of emissions and energy consumption from new construction – re-adaptive construction uses less than half the energy of new construction;
- Re-adaptive use optimizes existing infrastructure by avoiding new road, sewer, and hydro infrastructure; and,
- Re-adaptive use saves our heritage – Canada has lost over 20% of its pre-1920 buildings in the last 30 years. The preservation of heritage buildings is an important principle of Hamilton becoming a Creative City.

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The new Lease Agreement is substantially similar to the previous agreement approved by Council 12 June 2001. Based on the experience of the earlier agreement, both parties have agreed to a more detailed and comprehensive description of maintenance expenses for which Green Venture is responsible. In addition, the Lease Agreement allows Green Venture to discuss with the City the payment of charges which it feels it does not have the capacity to pay or may undermine the ability of Green Venture to continue to occupy the Veevers Estate. The City may choose, at its sole discretion, to provide relief for such charges.

ALTERNATIVES FOR CONSIDERATION

Several alternatives are possible but not recommended. Any of the alternatives below would mean the loss of a successful adaptive re-use and community partnership program. Green Venture would be required to find another facility to continue their programming that would be highly disruptive to their operation.

If the lease recommendation is not adopted, the City will face a logistical issue in that the existing lease has expired. The City will need to find another tenant for the facility (that is, by no means certain in the short-term) or assume the annual maintenance costs and responsibilities.

Alternative 1 - Terminate Lease and Seek Alternative Tenant

Financial: The financial implications of Alternative 1 are difficult to assess at this time. It may be possible to find a tenant that would be able to provide additional lease revenue at market rates. At this time, none of the non-profit organizations occupying City-owned adaptive re-use heritage facilities, such as Hammill and Tisdale Houses by example, provides market rate rent. However, the Lease Agreement for Tisdale House does require the tenant to undertake all capital improvements as well as operating maintenance. The availability of such a tenant is by no means certain and may not be available in the near term. In the meantime, the City would be responsible for all maintenance costs. These costs are not currently budgeted.

Staffing: There are no staffing implications to Alternative 1.

Legal: There are no legal implications to Alternative 1.

Policy: There are no policy implications to Alternative 1. Any new tenant would have to adhere to the requirements of the designation under Part IV of the Ontario Heritage Act.

In addition, this option would mean the loss of a quality tenant who uses the property to offer public programs consistent with the Goals and Vision of the City.

Not recommended.

Alternative 2 - Terminate Lease and Convert to City Operated Facility

The City has no current plans for the operation of the facility (either as offices, a cultural facility, etc.). Direct operation of the facility would allow for the better coordination of the maintenance and Capital work. Maintenance work could be carried out in a more strategic manner to reduce the size and complexity of later Capital restoration / preservation work.

Financial: City operation would require unfunded planning and development costs. The size of the impact would depend on the purpose and function of the operation. It is unlikely that any City operation would be full cost recovery. There would be a net negative impact to the municipal levy.

Staffing: Direct City operation would require additional FTEs. The scale of the increase in staffing would depend on the purpose and function of the operation.

Legal: There are no legal or policy implications for Alternative 2. If operated as a City facility, the City would still have to adhere to the requirements of the designation under Part IV of the Ontario Heritage Act.

Policy: There are no policy implications for Alternative 2.

Not recommended.

Alternative 3 - Sale of Facility

Financial: There are no financial implications for Alternative 3.

Legal: Alternative 3 violates the terms of the Articles of Agreement between the City of Hamilton and the Veevers Family. The 1985 Articles of Agreement between the City of Hamilton and the Veevers Family in which the City accepted the bequest of the Veevers Estate stated that the property “shall be used, in perpetuity and for all time as a horticultural / historical resource centre.”

Staffing: There are no staffing implications for Alternative 3.

Legal: There are no legal implications for Alternative 3.

Policy: There are no policy implications for Alternative 3.

Not recommended.

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.
- 1.6 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

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

- 3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.
- 3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED15005 – Draft Lease Agreement between the City of Hamilton and Hamilton-Wentworth Green Venture

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