



SUBJECT: Lease for Interim Forestry Operations Facility

TO: Mayor and Members of Council

FROM: City Manager's Office

Report Number: CM-27-22

Wards Affected: N/A

File Numbers: 155-03-01

Date to Council: October 4, 2022

Recommendation:

Direct the Executive Director of Environment, Infrastructure and Community Services to proceed to enter into a sub-lease agreement with Burlington Enterprises Corporation and Burlington Hydro Inc. to house City Forestry Operations at the Burlington Hydro facility at 1340 Brant Street, as generally outlined in report CM-27-22.

Authorize the City's purchase of a site trailer and seacan storage container through a Request for Quote procurement process and related lease hold improvements.

Authorize the Mayor and City Clerk to sign any required agreements in connection with this matter, with content satisfactory to the Executive Director of Environment, Infrastructure and Community Services and in a form satisfactory to the Executive Director of Legal Services and Corporation Counsel.

PURPOSE:

To recommend that the City enter into a lease agreement with Burlington Enterprises Corporation (BEC) and Burlington Hydro Inc. (BHI) to house the City's Forestry Operations Section.

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth
 - Support sustainable infrastructure and a resilient environment
 - Deliver customer centric services with a focus on efficiency and technology transformation
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Background and Discussion:

The City of Burlington Operations Centre at Cumberland and Harvester Road is the central operations site for the Roads Parks and Forestry department (RPF). In 2020, due to space constraints, the Forestry Operations were relocated to Skyway Arena, which had been previously decommissioned due to the ice plant being at end of life and pending completion of design and approval to construct a proposed new arena, community centre and park on the Skyway Arena site. Council approved the tender award report for the construction of the new Skyway Community Centre on August 4, 2022 through report EICS-22-35. Construction on the site is anticipated to start in October 2022 necessitating the relocation of Forestry operations from this location. On a short-term basis, prior to the commencement of winter control operations, Forestry will relocate to the RPF main Operations facility on Cumberland Avenue. However, there is insufficient space at this facility to accommodate Forestry operations particularly indoor storage of the aerial trucks. RPF operations have significantly outgrown their space which compounds the need for Forestry to be relocated..

Future growth in demand for city maintenance and forestry services as well as growth in transit will result in continued pressure on the space needs at the Harvester Road location. To address these long-term needs for RPF and Transit the City has retained a consulting team (KNYMH) to undertake a long-term campus study of the combined operations centers (RPF and Transit). This study is currently ongoing and early reports have identified the lack of functional space to maintain service delivery requirements for the RPF Operations facility and Transit. Ultimately to address this need more land will be required from either adjacent properties or at a satellite location. The campus study is currently assessing these options with a report planned to EICS Committee in Dec 2022.

Strategy/process

To accommodate the City's operational needs and specifically Forestry Operations in the short term, it is proposed that the City enter into a sub-lease with BEC and BHI to lease yard space, site trailers and space in an existing Quonset hut storage garage at the 1340 Brant Street Burlington Hydro location, as generally outlined on the attached Schedule A, to house Forestry operations for an interim period while the longer-term campus plans are developed and implemented. In addition to the site trailers identified to be leased from BEC, it is proposed that the city purchase directly a second office trailer and seacan storage container that can be re- located for continued use by the city at the end of the lease period.

City staff are very appreciative of the opportunity provided by BHI and BEC to accommodate the interim forestry operations facility at the property at 1340 Brant St. As Council is aware in 2019/20, the City worked closely with BHI to successfully open a new Transportation Services Operations Centre on BHI property at 1328 Brant Street.

The intent of the proposed lease arrangement between BEC, BHI and the City is that the leased premises including one (1) site office trailer and one (1) washroom trailer, will be provided with no cash outlay required by the city. The city would be responsible for direct costs required to facilitate relocation including one time set up costs and leasehold improvements, maintenance, utility and cleaning costs associated with the city's use of the site.. The intent is that the lease costs including the trailer rentals will be offset by a special dividend from BEC to the City, as authorized annually by BEC's Board of Directors. The dividend receivable by the City will offset the lease payment to BEC, which would otherwise be required of the City.

Leased Premises:

- Leased lands as generally shown on attached Schedule A

Site Trailers to be leased:

- One 12' x 56' Office Trailer
- One double washroom trailer

Storage Building:

- A portion of the existing Quonset hut storage Building to house aerial trucks

Lease Term

- Two-year term with the option of two one-year renewals

Rent

BEC will invoice the city for the market rents as follows:

Annual Base rent payable at market rates to BEC: \$79,017, for property, existing Quonset hut and parking, subject to annual CPI adjustment plus HST.

Annual Trailer rent (estimated) payable to BEC: Estimated cost of \$16,500 per year (office) and \$13,140 (washroom) plus setup and removal fees, subject to 15% administrative markup plus HST.

Additional rent: costs incurred as additional rent subject to 15% administrative markup plus HST.

Since the Burlington Hydro Brant Street location is owned by BHI which is a regulated utility, transactions are required to be at market rates.

Utilities and Cleaning

City to pay directly all utilities consumed on leased premises including hydro and heat based on metered actual usage as well as cleaning costs and supply of potable water estimated at \$35,000 per year.

Other Improvements

As noted above, the City will be required to pay for one-time required setup and other improvements to the premises in order to make the site suitable for forestry operations including:

- Site preparation including relocating the existing trailer on site and Hydro materials.
- Electrical metering upgrades and plugs to service the trailers and equipment block heaters.
- Any required modifications to the existing Quonset hut structure

The city will be billed these one-time costs including a 15% administrative markup based on actual costs incurred. It is estimated that the one-time costs will be approximately \$75,000. BHI will be responsible for completing these improvement works, with amount payable by the City to BHI.

Trailer Purchase by the City.

In addition to the facilities to be leased from BEC, the City will require one (1) additional office trailer and one (1) seacan storage container. As the City will have a continual use for these items it is proposed that these be purchased directly by the City at an estimated cost of \$135,000.

Options Considered

Options to accommodate Forestry operations through this period at the RPF Cumberland campus were reviewed however, the site does not have suitable yard area and building storage space to accommodate this operation. No other short term industrial lands were identified as being available as an alternative for this re-location nor were any other sites owned by the City capable of housing the Forestry operations during this period.

Financial Matters:

- As previously mentioned above, the intent of the proposed lease arrangement is that there is no cash outlay required by the City for the Base rent and Trailer rent. . This will be facilitated through a special annual dividend declared by BEC to the City equivalent to the estimated annual fees and subject to approval by BEC's Board of Directors.(Base rent for land and buildings, and trailer rent \$113,103/yr subject to HST and annual CPI adjustment).

One-time costs and annual operating impacts to the City are anticipated as follows:

- Utilities and Cleaning - \$35,000 per year
- One-time leasehold improvements - \$75,000
- One-time capital purchase of additional site trailer and storage container - \$135,000

Total Financial Impact

The Base rent and Trailer rent will be offset by a special dividend from BEC to the City, and as such will not have an ongoing operating budget impact to the city.

Utilities and cleaning (estimated at \$35,000/yr) will need to be incorporated into the operating budget for the duration of the lease, however this will be offset by utility savings at Skyway Community Centre during the construction period.

One-time leasehold improvements and the trailer and storage container purchase (estimated at \$205,000) will be funded from existing capital projects within the facilities and buildings asset category.

Source of Funding

Operating costs will be charged to a new cost centre within the operating accounts and capital costs will be charged to capital order BD0115.

Other Resource Impacts

In addition to the costs identified above staff resources from Facilities and Buildings, Legal, Finance and RPF have been engaged in developing and implementing the proposal as outlined in this report.

Climate Implications

Changing weather patterns associated with climate change has resulted in increased wind and ice storm events which has resulted in tree damage impacting power lines, mobility and potential hazards to the public. Forestry Operations are an important component in the City's resiliency planning both by proactively maintaining trees and removing known hazards as well as responding to damaged trees during a storm event. The proposed accommodation plan maintains the readiness of these operations to continue to work and respond through varying weather conditions.

Engagement Matters:

Staff from the City's Facilities Group, Legal, Finance, RPF and the City Manager's Office have worked cooperatively with BHI and BEC to develop the proposed arrangement to accommodate City Forestry operations on the Hydro premises on Brant Street.

Conclusion:

It is recommended that the City enter into a lease agreement with BHI and BEC to house on a short-term basis City Forestry operations. A longer-term accommodation plan for this service will be developed as part of a comprehensive campus master plan for Roads Parks and Forestry and Transit operations.

Respectfully submitted,

Allan Magi P.Eng.

Executive Director, Environment, Infrastructure and Community Services

Appendices: (if none delete section)

- A. Schedule A Site Plan

Notifications: (if none delete section)

Gerry Smallegange, President, and CEO BEC

gsmallegange@burlingtonhydro.com

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

Schedule A: Site Plan



LEASED AREA CALCULATIONS

- AREA OF OUTDOOR TRAILER PARKING: 3270 SQ.FT (304 M²)
- AREA OF QUONSET HUT FLOOR AREA: 3560 SQ.FT (331 M²)
- AREA OF OUTSIDE STORAGE INFRONT OF QUONSET HUT AND ADJACENT TO 407: 6630 SQ.FT (617 M²)

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|  | BURLINGTON HYDRO & CITY OF BURLINGTON FORESTRY LEASE | | Date: 2022.08.31 | Scale: N/A |
| | SITE PLAN | | Drawn by: PAS | Checked by: PAS |
| | 426 Brant Street, Burlington, ON L7R 3Z6 <small>Environment, Infrastructure, Community Services - City of Burlington</small> | | Project No. N/A | Drawing No. SP-1 |