



TO:	GENERAL COMMITTEE
SUBJECT:	COVID-19 RELIEF – AGREEMENTS RELATED TO THE USE OF CITY-OWNED PROPERTY
PREPARED BY AND KEY CONTACT:	D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES, EXT. 4421
SUBMITTED BY:	D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES
GENERAL MANAGER APPROVAL:	D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES
CHIEF ADMINISTRATIVE OFFICER APPROVAL:	M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the COVID-19 relief provisions identified in Appendix “A” to Staff Report CCS002-20 be offered related to the use of City owned property.
2. That the Mayor and City Clerk be authorized to execute any agreements that may be required to document the arrangements, upon approval of the form of agreement by the Director of Legal Services.

PURPOSE & BACKGROUND

Report Overview

3. The purpose of this staff report is to recommend some relief due to COVID-19 related to the closure of various City-owned facilities and spaces where commercial or other organizations/entities have operations and have been unable to conduct business or generate revenues to offset their costs.

Background

4. Various agreements related to the use of City-owned property have been executed over the years. Examples of these agreements include:
 - Commercial leases of City-owned property such as the Lucky You convenience store located in the transit terminal or the Midway Diner at the corner of Bradford and John Streets;
 - Facility Use agreements where a fee is paid to the City, include the following:
 - i). The Township of Springwater to allow its residents to access City of Barrie community centres and programs at the resident rate, in exchange for an annual flat fee paid by the Township;
 - ii). The Barrie Colts/Horsepower Sports and Entertainment Group Inc. for use of space within the Sadlon Centre for its team’s use and their office space;
 - iii). The Barrie Sharks for exclusive use of space it renovated at the East Bayfield Centre for use a dressing room; and

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- iv). The Barrie Canoe and Rowing Clubs for exclusive use of space the Clubs contributed to renovating in the Southshore Community Centre.
- Concession agreements where an organization pays the City a fee for the right to sell food and beverages within a City facility or pays the City a portion of the revenues generated. Examples include agreements with Centrefield Foods for the Barrie Community Sports Complex, Recreation and Leisure Services for the waterfront concession stands and within recreation/community centres, and Barrie Colts/Horsepower Sports and Entertainment Group Inc. related to sale of food and beverage in the Sadlon Arena;
 - Advertising agreements where an organization pays the City a fee for the right to sell advertising space within a City facility or pays the City a portion of the revenues generated. Examples include agreements with Barrie Colts/Horsepower Sports and Entertainment Group Inc. related to advertising within the Sadlon Arena and FutureSigns for digital media and advertising within recreation/community centres; and
 - Seasonal licence fee arrangements/agreements paid by various operators to operate businesses from City property such the Barrie Sports Dome, and the watersports and boating opportunities available from the waterfront and the City of Barrie marina.
5. On April 24, 2020, Horsepower Sports and Entertainment Group (Barrie Colts) approached City staff enquiring whether the Canada Emergency Commercial Rent Assistance Program (CECRA) would be available to it/the City. At the time, the specific details of the program had not been finalized but it appeared that the eligibility criteria would not be met by Horsepower Sports and Entertainment Group Inc/the City. A subsequent review of the program details when published identified that tenants of properties owned by municipalities are ineligible to participate in the program.
6. On June 1, 2020, City Council approved the following motion:
- “20-G-081 BARRIE COLTS/HORSEPOWER SPORTS AND ENTERTAINMENT GROUP INC. REQUEST FOR RELIEF**
1. That Horsepower Sports and Entertainment Group Inc. (Barrie Colts) be provided the following economic support due to the impacts of COVID-19 on its operations at the Sadlon Arena:
 - a) An extension in facility use, advertising and/or concession payment due dates for 60 days, for any payments due prior to June 30, 2020;
 - b) A reduction in the next monthly facility use payment amount of \$4,000, representing the City’s savings associated with the staff time that was not required due to the final two regular season games of the 2019-2020 season being cancelled; and
 - c) A commitment to revisit the matter of further potential relief for Horsepower Sports and Entertainment Group Inc., 60 days after Council consideration of this recommendation.
 2. That the Mayor and City Clerk be authorized to execute any agreements that may be required to document the arrangements, and upon approval of the form of agreement by the Director of Legal Services.”

7. Since that time, other businesses/organizations have approached the City regarding relief due to COVID-19 from terms associated with their agreements. Given the number and variety of arrangements, a single comprehensive report has been prepared to provide consistency in the approach to these agreements.

ANALYSIS

Canada Emergency Commercial Rent Assistance (CECRA) Program

8. The Canada Emergency Commercial Rent Assistance (CECRA) Program provides emergency commercial rent assistance for small businesses and commercial landlords experiencing financial difficulties during COVID-19.
9. Under the program, rent during a defined period is shared between the small business tenant, landlord and the governments of Ontario and Canada. The landlord reduces the rent by 75%, with the tenant paying 25% and the governments of Ontario and Canada sharing the remaining 50% through a forgivable loan. Currently, the program covers rent during the period of April, May, June, July, and August 2020. At the time of preparation of the report, the program had not been extended.
10. Tenants are only eligible if they pay no more than \$50K in gross rent each month and experienced at least a 70% drop compared to pre-COVID-19 revenues. If a small business opened on or after March 1, 2020, it does not qualify for the program.
11. Most small businesses operated from a property that is owned by a municipal government are not eligible for the program.
12. Under the CECRA, the landlord only forfeits 25% of the rent that would be payable, for eligible properties and tenants.
13. Since businesses and organizations operating out of City facilities and spaces are not eligible for CECRA, and most are local, City staff have looked at opportunities to provide some form of relief to them to assist with local economic recovery. The following paragraphs outline the proposed actions to address the provision of relief for the various arrangements:

Commercial leases

14. Should a commercial tenant with lease arrangements for City space tenant submit a request for relief, it is proposed that a 25% reduction would apply in the monthly rental payments for the same months as the CECRA program. To qualify for the program, it is proposed that the tenant must submit a written request with supporting information to document it:
 - Has had a 50% drop in revenues due to the pandemic in comparison to the same months of the previous year; and
 - Is in good standing as of April 1, 2020.
15. As tenants of City facilities, these businesses are not eligible to obtain the 75% reduction in rent under the CECRA. The Federal and Provincial governments provided 50% of the total 75% relief. In recognition that these tenants are unable to access Federal and Provincial assistance, it is recommended that the eligibility requirements be lowered to a 50% reduction in revenues rather than a 70% reduction required for CECRA Program.

16. For businesses that were not open in 2019, and therefore not eligible for the relief above, the entire rent for the term of the agreement is proposed to remain due. However, the rent payments may be deferred for up to six months, with payments over the remaining term increased to allow for the full amount owing to be spread out.

Facility Use agreements

17. For not for profit, charitable and local government organizations with user agreements, it is proposed that the fees paid to the City would be reduced on a pro-rated basis for the portion of the year the facility(ies) were closed for their members'/taxpayers' use. As the not for profit, charitable or local governments are not generating income from the space utilized under the user agreements, a 100% reduction on a pro-rated basis for payments is proposed.
18. Similar to the commercial leases, the Barrie Colts as a municipal facility user are not eligible to obtain the relief provided by the Provincial and Federal levels of government. The nature of the Barrie Colts/Horsepower Sports and Entertainment Group Inc. agreements for use of space within the Sadlon Centre is unique when compared to other City agreements, as they have provisions that are reflective of both a commercial lease and non-exclusive, facility use agreement.
19. Staff are recommending that while the facility is closed and the Colts are not utilizing the space, no rent payments be required, similar to the other facility user agreements. When the Colts resume practices and games, it is proposed that following arrangements apply:
 - For practice hours – the Council approved ice rental rate for the time of day and year would be applied;
 - For games – a fee of \$2,000 per game to cover City of Barrie staff costs, ice time and contribute towards utility costs associated with operating the facility; and
 - Use of office or kitchen space – a rate per sq. ft for any month that either space is accessed during the month, based on local rental rates
20. It is anticipated that the Barrie Colts will be limited in terms of the number of spectators and resulting revenues from tickets, concessions, and advertising within the facility for a significant, if not all of the season. To provide the Colts with certainty related to their operating costs in this scenario, the above arrangements are recommended to remain in place until July 1, 2021 and at that time the original payment terms would become payable again.

Concession, advertising and seasonal licence fee arrangements

21. As most of the City's concession, advertising and seasonal licence fee arrangements were awarded through a procurement process, Council approval was not required for any changes to the agreements. Changes to the agreements have been made to ensure that the City is addressing a situation where the contract cannot be completed through no fault of either party. Details are included in this report to provide background information and context to the recommended changes for commercial leases and facility use agreements.
22. Annual fees paid to the City are being reduced on a pro-rated basis for the portion of the season/year where spectators are unable to attend the facility and the business was unable to offer services to the public due to COVID-19 (or waived if entire season is impacted). A business is required to submit a written request. The length of the term of any licence may be extended to reflect the portion of the season impacted if it is mutually acceptable.

23. A 100% reduction on a pro-rated basis for annual fee payments was determined, as it is the spectators that generate the food and beverage or advertising view revenues for these businesses and many of the seasonal businesses have been unable to operate for portions of, or the entire season due to the COVID-19 restrictions.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

24. There are no environmental and/or climate change impact matters directly related to the recommendation.

ALTERNATIVES

25. The following alternatives are available for consideration by General Committee:

Alternative #1 General Committee could recommend that economic support not be provided to the businesses/organizations.

While this option is available, it is not recommended. Most of these businesses and organizations are local to the community that have not been able to operate and generate revenues to offset their lease or agreement payments. The relief provisions would assist with local economic recovery. The City has extended payment deadlines and waived late payment fees for its taxpayers and the recommended approach would provide another level of support.

Alternative #2 General Committee could recommend that a higher level of economic support be provided to the businesses/organizations.

While this option is available, it is not recommended. Currently, the City is still assessing the impact of COVID-19 on its own financial condition. The relief provisions recommended are estimated to reduce revenues used to offset City costs by \$477,000.

Alternative #3 General Committee could recommend that the relief provisions offered for commercial operations for the months of April, May, June, July and August only and not extended if the CECRA Program timelines are extended.

This option is available. It would provide a lesser level of relief to these operations.

FINANCIAL

26. The lost revenue in 2020 for the City of Barrie from the relief provisions and the City's losses related to its share of advertising and concession revenues while facilities are closed to spectators is estimated at approximately \$477,000. The impact has been calculated assuming the eligibility criteria can be met and using the five months that are currently included in the CECRA program or the applicable portion of the season.
27. As 2020 departmental budgets were prepared assuming these revenues will be received, the relief provisions will result in a reduction in offsetting revenues for the subject departments and would contribute to a potential year end deficit, if COVID-19 funding from other levels of government is insufficient to address these and other revenue losses. Un-recovered losses would be funded first from the tax stabilization reserve.



LINKAGE TO 2018-2022 STRATEGIC PLAN

18. The recommendations included in this Staff Report are not specifically related to the goals contained in 2018-2022 Strategic Plan.

APPENDIX "A"

Proposed Relief Measures

Type of agreement	Proposed Relief
Commercial leases of City owned property	<p>25% reduction in the rent payment for the period of April, May, June July, and August (or period of the CECRA, if extended), subject to the business providing written request with supporting information to document it:</p> <ul style="list-style-type: none"> • Has had a 50% reduction in revenues due to COVID-19 in comparison to the same months of the previous year; and • Is in good standing as of April 1, 2020 <p>For businesses that were not open in 2019, and therefore not eligible for the relief above, the entire rent for the term will be due. However, the rent payments may be deferred for up to six months</p>
Facility Use agreements for recreation/community centres	<p>For not for profit, charitable and other local governments: The fees paid to the City would be reduced on a pro-rated basis for the portion of the year where the facility(ies) was closed for their members'/taxpayers' use.</p> <p>For the Barrie Colts/ Horsepower Sports and Entertainment Group: While the facility is closed and the Colts are not utilizing the space, no payments would be required. When the Colts resume practices and games, it is proposed that following arrangements apply:</p> <ul style="list-style-type: none"> • For practice hours – the Council approved ice rental rate for the time of day and year would be applied • For games – a fee of \$2,000 per game to cover City of Barrie staff costs and contribute towards utility costs associated with operating the facility; and • Use of office or kitchen space – a rate per sq. ft for any month that either space is accessed during the month, based on local rental rates.