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Date: March 27, 2018
To: Mayor and Council
Author: Tim Del Greco, Manager of Facilities and Properties
RE: 37 Walnut Street Lease Agreement
Report No.: MS 2018 - 09

AIM

To seek Council approval to terminate the lease agreement for the municipal property located at 37 Walnut in December of 2018. Further, to inform Council of plans to demolish and subsequently develop the premises in 2019.

BACKGROUND

In 2009, the Town purchased 20 Chestnut, 35 Chestnut and 37 Walnut from Delmor Holdings. The intent of this purchase was to expand the adjacent municipal parking lot that currently serves the Kingsville Library at 40 Main Street West. Prior to this purchase, Patterson Taxi was leasing the premises at 20 Chestnut from Delmor.

As a result of the above, a new lease agreement was formed between the Town and Patterson's which stipulated that Patterson's would move their operations from 20 Chestnut to 37 Walnut in order to facilitate the first phase of parking lot expansion. This lease agreement had an expiry date of December 31, 2015 with the option of a 2 year extension until December 31, 2017. This agreement has now expired and we are currently operating on a month-to-month basis.

The premises at 37 Walnut includes a house which serves as a dispatch center for Patterson Taxi as well as five parking spaces.

DISCUSSION

The house at 37 Walnut is aged and showing wear. Cosmetically the interior is in poor shape due to lack of proper care and maintenance. As well there are structural issues that are beginning to appear and would need to be addressed prior to entering into a new lease agreement for the usage of this house. Examples of these issues include:

- Deterioration of foundation walls

- Sagging floor joists and evidence of rotting/cracking
- Possible sagging in roof trusses
- Sections of roof shingles in poor shape
- Window frames rotting requiring replacement
- Poorly insulated crawl space resulting in water line damage during winter
- Interior ceiling requiring reinforcement
- Flooring missing throughout with sub-floor exposed
- Restoration and repainting of interior walls

Considering the costs that would be associated with the above repairs in conjunction with the original intent of purchasing this property to secure future municipal parking lot development, it would seem appropriate to cease rental operations at this location.

Further, demolition and subsequent parking lot expansion could be budgeted for and facilitated in 2019 creating an additional eight to ten parking spaces.

The following appendices are attached to this report for your reference:

- Appendix A – 2008 site map
- Appendix B – 2017 site map
- Appendix C – Original lease agreement
- Appendix D – Comments via email from Peter Valore, Chief Building Official

LINK TO STRATEGIC PLAN

Effectively manage corporate resources and maximize performance in day-to-day operations.

FINANCIAL CONSIDERATIONS

\$6,000 in rent money is collected annually from Patterson Taxi.

It is estimated that restoration of the property to adequate standards would cost in the range of \$50,000 - \$70,000, however this is simply an estimation at this point. Accurate costing would have to be obtained through contractor quotes.

CONSULTATIONS

Kingsville Administration
Patterson Taxi

RECOMMENDATION

That Council authorizes the Manager of Municipal Facilities and Property to provide the tenant with notice to vacate the building located at 37 Walnut Street before December 31, 2018, and that the cost for removal of that building be included in the 2019 capital budget deliberations.

Tim Del Greco

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G. A. Plancke

G.A. Plancke, Civil Eng. Tech (Env.)
Director of Municipal Services

Peggy Van Mierlo-West

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