



Council Report

Report Number:	RS2021-037
Meeting Date:	September 21, 2021
Title:	Proposed Lease Agreement between the City of Kawartha Lakes and Horizon Aircraft, Inc
Description:	Horizon Aircraft, Inc. is requesting to lease a commercial building at the Municipal Airport, 3187 Highway 35 North, Lindsay, for engineering and design aircraft business.
Author and Title:	Christine Oliver, Law Clerk – Realty Services

Recommendation(s):

That Report RS2021-037, **Proposed Lease Agreement between the City of Kawartha Lakes and Horizon Aircraft, Inc.**, be received;

That a By-Law (attached as Appendix D) authorizing to execute the proposed lease agreement for a five (5) year term between the City of Kawartha Lakes and Horizon Aircraft, Inc. for a commercial building at the Municipal Airport, 3187 Highway 35, Lindsay, being utilized for engineering and design aircraft business, be approved; and

That the Mayor and Clerk be authorized to execute the proposed lease agreement (substantially in the form as attached as Appendix E) on behalf of the Corporation of the City of Kawartha Lakes with Horizon Aircraft, Inc. for the purpose of leasing commercial building for a five (5) year term at the Municipal Airport, 3187 Highway 35, Lindsay, being utilized for engineering and design aircraft business.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

The City of Kawartha Lakes entered into a lease agreement (attached as Appendix F) with Eric B. Robinson (now Horizon Aircraft, Inc.) for exclusive use of a commercial building (herein referred to as the Leased Space) located at the Municipal Airport, 3187 Highway 35, Lindsay (the Municipal Airport) (identified within the attached Appendix C) (herein referred to as the Previous Lease Agreement), which terminated on September 30, 2019. The Previous Lease Agreement required Council approval to be executed.

At the Council Meeting of February 19, 2019, Council adopted the following resolution:

14.1.3 RS2019-014

Proposed Lease Agreement between the City of Kawartha Lakes and Eric B. Robinson Limited (Hangar Space at Kawartha Lakes Municipal Airport)

Laura Carnochan, Law Clerk - Realty Services

CR2019-162

That Report RS2019-014, **Proposed Lease Agreement between the City of Kawartha Lakes and Eric B. Robinson Limited (Hangar Space at Kawartha Lakes Municipal Airport)**, be received; and

That the Mayor and Clerk be authorized to execute the Lease Agreement attached as Appendix A on behalf of the Corporation of the City of Kawartha Lakes, being a Lease Agreement with Eric B. Robinson Limited for the purpose of leasing hangar space at the Kawartha Lakes Municipal Airport for a one year term.

Carried

Horizon Aircraft, Inc. would like to enter into another lease agreement with the City of Kawartha lakes to remain within the Leased Space (attached as Appendix D) (herein referred to as the Proposed Lease Agreement). The Previous Lease Agreement expired on September 30, 2019 and while Eric B. Robinson was deciding whether he would like to enter into a new agreement with the City he was paying funds as an overhold between September 30, 2019 and April 1, 2021. Subsequently, the parties entered into a further 6-month term, which expires at the beginning of October 2021.

The Proposed Lease Agreement outlines the compensation per a square footage at \$3.90 for approximately 4,000 square feet of exclusive commercial building space being a total annual rate of \$15,600. Additional outdoor space is calculated at \$0.20 per a

square footage; more specifically, approximately 10,000 square feet of gravel/asphalt and approximately 3,000 square feet of exclusive grassed area for a total annual rate of \$2,600. The Proposed Lease Agreement addressed the appropriate portion of the property taxes as being an annual amount of \$5,811.36. The annual rent for this space is calculated at a total of \$24,011.36.

The Proposed Lease Agreement has a section addressing a recovery for a discrepancy in funds. Realty Services and the Manager at the Municipal Airport had a miscommunication in the funds to be charged to Horizon Aircraft, Inc for a temporary lease. This section is recovering that discrepancy. Horizon Aircraft, Inc. had requested the City to enter into this temporary agreement because they had a pending investor and needed to provide proof of a lease agreement for the Leased Space. The City was unable to obtain permission to enter into a lease agreement with Council approval to execute within the time required. The City entered into a temporary agreement (attached as Appendix G) (herein referred to as the Temporary Agreement).

The Proposed Lease was reviewed by the Manager at the Municipal Airport and it was recommended that the City proceed with the Proposed Lease Agreement.

The purpose of this report is to obtain Council approval to have the Mayor and Clerk execute the Proposed Lease Agreement because the annual rent exceeds the City's signing by-law 2016-009, 5.03.

Appendix A is a location map, Appendix B is a map and Appendix C is an aerial map.

Rationale:

The annual gross revenue of the proposed lease is \$24,011.36, broken down as follows:

Building Space (Leased Space): \$15,600.00 (plus HST)

Outdoor Space: \$2,600 (plus HST)

Property Taxes: \$5,811.36 (plus HST)

Other Alternatives Considered:

Council could direct that the Lease Agreement not be executed. This is not recommended in this circumstance as the as the temporary lease agreement will terminate on October 1, 2021.

Alignment to Strategic Priorities

The recommendations set out in this Report align with the following strategic priority:

- Good Government
 - Effective management of the municipal building and land portfolio

Financial/Operation Impacts:

The revenue for the proposed lease agreement has increased to align with fair market value. The Proposed Lease Agreement is charged annually in the amount of \$24,011.36. The previous lease agreement was annually \$16,152.44 plus HST. This is an annual increase of \$7,858.92.

Consultations:

Airport Manager

City Solicitor

Attachments:

Appendix A – Location Map



Appendix A
Location Map.pdf

Appendix B – Map



Appendix B
Map.pdf

Appendix C – Aerial Map



Appendix C Aerial
Map.pdf

Appendix D –By-Law Authorizing Execution of Proposed Lease Agreement



Appendix D -
Authorize Execution

Appendix E – Proposed Lease Agreement



Appendix E -
Proposed Lease Agri

Appendix F – Previous Lease Agreement



Appendix F -
Previous Lease Agre

Appendix G – Temporary Agreement



Appendix G -
Temporary Lease Agi

Department Head email: rcarlson@kawarthalakes.ca

Department Head: Robyn Carlson

Department File: L17-20-RS055