



Council Report

Report Number:	RS2021-040
Meeting Date:	December 14, 2021
Title:	Proposed Addendum to a Lease Agreement between the City of Kawartha Lakes and Muskoka From Above Inc.
Description:	Lease pertains to a privately constructed and owned hanger on Lot 25 located on City-Owned land (Municipal Airport, 3187 Highway 35 N., Lindsay)
Author and Title:	Christine Oliver, Law Clerk – Realty Services

Recommendation(s):

That Report RS2021-040, **Proposed Addendum to a Lease Agreement between the City of Kawartha Lakes and Muskoka From Above Inc.**, be received;

That a By-Law (attached as Appendix G) be approved, authorizing the Mayor and Clerk to execute the proposed addendum (attached as Appendix F) (the "Addendum") to the previously executed 25-year lease agreement dated 1st day of October 2019 (attached as Appendix E) (the "Lease Agreement") between the City of Kawartha Lakes and Muskoka From Above Inc. for a privately constructed and owned hanger on Lot 25 located at the Municipal Airport, 3187 Highway 35 N., Lindsay; and

That the Mayor and Clerk be authorized to execute the Addendum to the Lease Agreement, as set out as Appendix F.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

The City of Kawartha Lakes entered into a Lease Agreement to allow Muskoka From Above Inc. to privately construct and own a hanger on Lot 25 at the Municipal Airport municipally known as 3187 Highway 35, Lindsay (the "Airport") (identified on Appendix D). The Lease Agreement (at Appendix E) is a vacant land lease: the lease allows Muskoka From Above Inc. to build a hangar on, and have exclusive use of, Lot 25 at the Airport. In exchange, the City receives annual compensation (rent).

At the Council Meeting of the 24th day of September 2019, Council adopted the following resolution:

CR2019-549

That Report RS2019-028, **Proposed Lease Agreements between the City of Kawartha Lakes and Tenants for 8 Hangar Spaces at Kawartha Lakes Municipal Airport**, be received;

That notwithstanding Section 3.05 Public Notice of Disposition By-law 2018-020, which section requires that disposition by long term lease be advertised on the City website, local newspaper and on-site for a 3-week period prior to declaration of surplus by Council, that Council waive this requirement;

That the property identified in Appendix B be declared surplus for long term lease; and

That the Mayor and Clerk be authorized to execute 8 Lease Agreements attached as Appendix A on behalf of the Corporation of the City of Kawartha Lakes, being proposed vacant land Lease Agreements with interested parties for the purpose of the tenants constructing and leasing hangar space at the Kawartha Lakes Municipal Airport, each for a 25-year term.

Carried

The City of Kawartha Lakes and Muskoka From Above Inc. have agreed to the terms within the Lease Agreement. Muskoka From Above Inc. requested the Addendum (Schedule F) to represent the further discussions agreed to following the execution of the Lease Agreement and the City had no objections. The Addendum provides clarification to the mutual and individual responsibilities under the Lease Agreement. More specifically, the clarification is in regards to the drainage plan, work time frames and costs.

The purpose of this report is to obtain Council approval for the Mayor and Clerk to execute the Addendum because it alters the Lease Agreement from the previous Council decision and the Addendum term exceeds the delegated signing authority by-law 2016-009, section 5.03.

The Addendum was reviewed by the Manager of the Airport and it was recommended that the City proceed with the Addendum.

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

Rationale:

The Addendum is proposing to alter the Council approved Lease Agreement as follows:

- The City will be responsible for creation and costs associated with a site grading plan and drainage plan, which identified the grades for the taxiway, concrete pads for the hangar and the aircraft parking area.
- The City is responsible for the construction of a taxiway; the costs of the taxiway and confirmation was requested by Muskoka From Above Inc. that this cost would not be collected from Muskoka From Above Inc. via the "common element fee". The taxiway is a mutually used area the City had planned to complete as part of the project.
- The City will communicate with Muskoka From Above Inc. during the period of construction of the taxiway.
- Muskoka From Above Inc. is responsible for providing to the City for approval a site grading for the hangar, a building plan for the hangar and hangar colours . These plans will confirm the hangar will comply with the grade of the City's constructed taxiway.
- Muskoka From Above Inc. has been provided an eight-month extension to its completion date for the construction of its hangar.
- The City and its Muskoka From Above Inc. will co-ordinate repairs of the common elements taxiway with the private use access.
- Muskoka From Above Inc. has been provided a one-time rent free period of six months to accommodate to closure of the Airport during the pandemic, redeemable at the end of the term (the last six months of the Lease Agreement).
- The City will not charge for the grading and drainage plan for the taxiway and will not charge for the construction and maintenance of the taxiway.
- The City is obligated to provide notice to Muskoka From Above Inc. before construction of the taxiway and common parking area occurs.

The Lease Agreement required signing authority from Council because the term exceeds the delegation identified in by-law 2016-009, 5.03. Accordingly, any amendments to the lease agreement require Council approval.

Other Alternatives Considered:

None.

Alignment to Strategic Priorities

The recommendations set out in this Report align with the strategic priority identified as Good Government and more specifically effective management of the municipal building and land portfolio.

Financial/Operation Impacts:

The revenue remains the same as identified within the Lease Agreement and the previous report. In the Addendum the City has committed to a six-month rebate at the end of the agreement to account for the time access was restricted during the pandemic. The City committed to the construction, site grading and drainage plan and maintenance of the taxiway. The taxiway was completed in 2021 utilizing the 2021 Airport Siteworks budget.

Consultations:

Airport Manager

City Solicitor

Juan Rojas

Attachments:

Appendix A – Location Map



Appendix A -
Location Map.pdf

Appendix B – Map



Appendix B -
Map.pdf

Appendix C – Aerial Map



Appendix C -
Aerial.pdf

Appendix D – Lot 25 at the Airport



Appendix D - Lot 25
at the Airport.pdf

Appendix E – Lease Agreement



Appendix E -
Airport Lease Agreeer

Appendix F – Addendum



Appendix F -
Addendum for Hangar

Appendix G – Draft By-Law



Appendix G - Draft
Bylaw 2021-XXX Autl

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