

OLD STRATHCONA FARMERS' MARKET - LEASE APPROVAL

RECOMMENDATION

That the lease agreement between the City of Edmonton and the Old Strathcona Farmers' Market Society on the terms and conditions outlined in Attachment 1 of the June 2, 2023, Financial and Corporate Services report FCS01831, be approved, and that the agreement be in form and content acceptable to the City Manager.

Requested Council Action	Decision required		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Urban Places		
City Plan Values	LIVE		
City Plan Big City Move(s)	A community of communities	Relationship to Council's Strategic Priorities	15-minute communities
Corporate Business Plan	Managing the corporation		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> <i>fresh</i> - Edmonton's Food and Urban Agriculture Strategy Economic Action Plan 		
Related Council Discussions	<ul style="list-style-type: none"> FCS01359, Farmers' Markets Update (M. Janz), Community and Public Services Committee, October 11, 2022 		

Executive Summary

- The Old Strathcona Farmers' Market Society is a not-for-profit tenant and has maintained the historic Strathcona Bus Garage facility for nearly four decades; their current lease term expires on April 5, 2025.

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- Old Strathcona Farmers' Market Society has prepared a revitalization plan for the facility which would see it undergo various internal improvements and increase the hours of operation.
- Administration recommends entering a new lease agreement, as it will allow the Old Strathcona Farmers' Market Society to secure grant funding from the provincial and federal governments for the proposed renovations and increase the facility's activation.
- If the recommendation is approved, the City and the Old Strathcona Farmers' Market Society will enter into a new five-year lease agreement, with an additional five-year tenant option at a nominal lease rate of \$1 per year under the terms and conditions outlined in Attachment 1.
- The lease requires Executive Committee approval as it does not meet the requirements of the 1999 Non-Profit Leasing Guidelines, as the operation is commercial in nature.

REPORT

The Old Strathcona Farmers' Market Society (OSFM) has leased the Strathcona Bus Garage (the Facility) on Gateway Boulevard and 83 Avenue since 1986. The Facility, originally constructed in 1951, is listed on the Inventory of Historic Resources in Edmonton. OSFM is responsible for all building operating costs, including capital replacement costs in their current and proposed new lease agreements. The current lease agreement has a 10-year term, which expires April 5, 2025. OSFM has met its obligations under the lease agreement terms throughout this lease term.

OSFM also leases the parking lot adjacent to the Facility through a separate lease agreement for which they pay market rent. The lease for the parking lot also expires on April 5, 2025, but is not being contemplated for lease renewal due to the ongoing Old Strathcona Public Realm Strategy, a draft of which is anticipated to be complete by the end of 2023. A component of the Public Realm Strategy is reviewing how to make best use of vacant or underutilized City land assets.

New Lease Proposal

Considering the larger strategic goals of The City Plan, the Economic Action Plan and *fresh*, Administration has encouraged the OSFM to activate the Facility more regularly, as the market currently only operates on Saturdays. To achieve this goal, OSFM worked on a revitalization proposal that would better utilize the space and increase the hours of operation. Some of the key improvements are noted below, with a more exhaustive list found in Attachment 1:

- Structural work for new mechanical;
- Construction of the general store, cafe, and event space;
- Construction of two barrier-free washrooms;
- Reorganization of the floor plan; and
- Installation of a water and drain connection to individual vendor spaces.

The proposed lease agreement has the City continuing to lease the building to OSFM at a nominal \$1 base rent, and in return, OSFM is anticipating to invest into the Facility through a mix of public and private funds. At this time no additional funding requests have been made to the City. As part of the lease agreement, OSFM is to complete the necessary improvements and further activate the Facility so that it will be open five days per week for 52 weeks per year by the third anniversary of the commencement date of the proposed lease (June 30, 2026). A new, longer

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term lease agreement is critical at this stage for OSFM, as it will allow them to pursue various grants and other private funding options.

OSFM will have the right to renew for an additional five-year term upon meeting their obligations to complete the improvements and increase activation as stated in the lease. Once the improvements are complete, OSFM has indicated they will operate a Farmers' Market on Friday and Saturday and open a general store that will sell vendors' products Tuesday through Saturday. Additionally, a cafe and event space will be developed and available for booking events such as weddings and meetings.

The proposed new lease agreement requires Executive Committee approval as the Farmers' Market, general store, and event space operation are commercial uses and do not meet the requirements of the 1999 Non Profit Leasing Guidelines.

Considerations

If Executive Committee does not approve the new recommended lease, the existing lease will remain in effect until it expires on April 5, 2025. At that time, the operating, maintenance and capital costs, which are not accounted for in the 2023-2026 budget, would become the City's responsibility. Based on the last building condition assessment report completed for the Facility in 2020, and subsequent internal review by Administration, the capital repair costs are estimated at \$17.7 million for the next 20 years. The costs to maintain and operate the Facility are estimated to be \$170,000 annually.

Public Offering

OSFM is a long-standing tenant that has successfully operated and maintained the Facility and provided local businesses economic growth opportunities. The proposed revitalization of the Facility would see increased activation of the Facility in alignment with general feedback from the community. Administration has not completed a public offering for this Facility or explored other proposals to reanimate this space. Due to this, the lease agreement has been structured to incentivize the desired outcome of having a facility that serves as an accessible community hub, amongst other benefits. Additionally, the proposed lease agreement requires the improvements and facility activation to be completed within a set time period. In the event that this obligation is not met, Administration would seek to publicly market the Facility.

COMMUNITY INSIGHT

Administration is currently developing the Old Strathcona Public Realm Strategy to determine long-term goals for this area. Public engagement undertaken to date has focused on enhancements around the OSFM parking lot and a potential shared pathway on 83 Avenue. Input received will be used to help inform the priorities and draft recommendations for the area, but not specific to the OSFM facility. The Public Realm Strategy is expected to be completed by the end of 2023 and would provide recommendations regarding the long-term use of City-owned properties in the area.

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In recent years the City has heard concerns from area residents and other stakeholders about the lack of utilization of the building and limited public access. This feedback has informed OSFM's proposed plan to revitalize the market.

GBA+

Markets provide inclusive access to local goods and services to the community by offering vendors a low-cost avenue to sell their products and goods. Markets benefit the local economy, create jobs, and create places of belonging for vendors and the community members who shop and attend the markets. Increased operating hours would improve accessibility to markets for various groups with time constraints on specific one-day-a-week market days. As a result of being produced on a smaller, non-industrial scale, some market goods are more expensive than equivalent items sold in supermarkets, making markets unaffordable to certain population segments.

Some of the community support initiatives that the Society undertakes include:

- Regular donations of both food and money to the food bank
- Market bucks donation to the Old Strathcona Youth Shelter
- Winter clothes drive to support the Old Strathcona Youth Shelter
- Scholarship program (a new initiative starting summer 2023)
- Reduced parking rates in support of the local arts community

ATTACHMENT

1. Lease Agreement Terms and Conditions and Site Plan