

Royal Glenora Club Lease Extension

Status of Improvements and Commitments

Recommendation:

That an amendment to the lease with the Royal Glenora Club, as outlined in Attachment 1 of the January 25, 2011, Asset Management and Public Works Department report 2011PW5270, be approved.

Report Summary

This report provides the additional information requested by the Transportation and Public Works Committee to obtain approval for a 20-year extension to the existing Royal Glenora Club lease.

Previous Council/Committee Action

At the November 16, 2010, Transportation and Public Works Committee meeting, the following motion was passed:

That the November 16, 2010, Asset Management and Public Works Department report 2010PW5270 be referred back to Administration to return to the January 25, 2011, Transportation and Public Works Committee with information on the status of improvements to the Royal Glenora Club, including the status of commitments made by the Royal Glenora Club at the December 4, 2008, Subdivision and Development Appeal Board hearing.

Report

- The City has leased land in the River Valley to the Royal Glenora Club since April 1960. It is a private non-

profit recreation club known for its training excellence in figure skating, swimming and tennis.

- The Royal Glenora Club has completed a \$15 million redevelopment that meets the requirements of the Zoning Bylaw and the River Valley Development Bylaw. Further, the development was reviewed and supported by the Edmonton Design Committee.
- The redevelopment, which includes upgrades and/or replacements of the electrical and mechanical systems, a new roof, new reception area for the sport portion of the building, a covered swimming pool with a retractable roof, locker rooms, common areas and landscaping, was completed in October 2010.
- Planning and Development Department advise that the Royal Glenora Club improvements were carried out within the framework of the approved development and building permits. An additional condition required by the Subdivision and Development Appeal Board was "the north side of the building shall be painted to match the front and sides of the building." The painting will be carried out but has not yet been completed as wall and foundation repairs are required prior to painting (Attachment 4).
- Attachment 4 confirms the Royal Glenora Club will honour the attached commitments made at the Subdivision and Development Appeal Board hearing; and the amending agreement contains a condition precedent to terminate the lease extension and refund the market value payments, in the event that the Royal Glenroa Club does not complete the agreed construction.

- The Royal Glenora Club has committed to:
 1. Repainting the north wall of the building by September 30, 2011, as foundation and wall repair must be completed prior to painting the north side.
 2. Installation of asphalt shingles on the tennis building is scheduled for completion by September 30, 2013, as a roof replacement for the badminton building must be undertaken prior to the re-shingling of the tennis building.
 3. Completing the mechanical roof top screening by September 30, 2014. This process involves roof repair and replacement of some of the rooftop units, which must be completed prior to the screening.
- The Royal Glenora Club will pay the \$475,000 market value, in advance, for the 20 - year lease extension in five equal annual instalments upon approval of the lease extension amendment by the City. The lease amendment has been executed by the Royal Glenora Club and the first instalment of \$95,000 has been provided to the City. The four additional instalments would be payable on the anniversary date of the approval over the next four years.
- Approval of the lease amendment will result in an agreement that is comparable with the previously approved lease term extensions to the Mayfair and Highlands Golf Clubs.

Corporate Outcomes

- Improve Edmonton's Livability
- Transform Edmonton's Urban Form

Justification of Recommendation

The amendment to the Royal Glenora Club lease reflects a rent based on the market value of the leased lands and will provide long-term certainty for the Royal Glenora Club to secure memberships and undertake capital improvements.

Attachments

1. Essential Terms and Conditions of the Royal Glenora Club Lease Amendment
2. Lease Site Plan
3. Planning and Development Department letter to G. Plamondon dated October 22, 2010
4. Letter from the Royal Glenora Club dated December 21, 2010

Background Information Available on Request from Department

Asset Management and Public Works Report 2010PW5270

Others Reviewing this Report

R. G. Klassen, General Manager, Planning and Development Department

Essential Terms and Conditions of the Royal Glenora Club Lease Amendment**Current Lease**

Term: 40 years, effective April 1, 1997 to March 31, 2037

Rent: \$1 per annum

Area Leased: 8.64 acres

Renovations & Upgrading: Any renovations or upgrades are the responsibility of RGC, subject to the City's consent.

Property Taxes: The responsibility of Royal Glenora Club

Reversion of Improvements: All improvements revert to the City at the end of the term, with no compensation payable to the Royal Glenora Club.

Early Termination: No provision for early termination.

All other terms and conditions of the original Lease will remain in full force and effect and are expressly incorporated into the Lease Amendment.

Proposed Lease Amendment

Term of Extension: 20 years, to March 31, 2057

Rent for Extension Period: \$475,000 payable in 5 equal annual instalments of \$95,000. The first instalment is payable upon the date of approval of the lease amendment by the City.

Renovations & Upgrading: It is acknowledged that as of October 1, 2010 the Royal Glenora Club has undertaken renovations in the amount of approximately \$15 million dollars, pursuant to approved development and building permits. Further RGC will undertake the following repairs and construction as noted in the additional construction items pursuant to the minutes of the Subdivision and Development Appeal Board Decision dated of December 19, 2008, application # 779423367-001:

- completion of the painting of the north wall of the main building by September 30, 2011.
- completion of the replacement of a portion of the tennis building roof with beige shingles by September 30, 2013.
- screening of the roof top units no later than September 30, 2014.

Utility Right Of Way: The Tenant acknowledges the presence of a water distribution line and other utilities contained within, under or above the leased premises. The Tenant

agrees that these utilities may be protected by utility rights of way granted by the City and registered against the title to the premises.

Lease Extension Terminated: The lease extension will be terminated should the RGC fail to complete the additional construction items to the satisfaction of the City and rent payments to date will be refunded with no interest payable.

Further Amendments: The General Manager of the Asset Management and Public Works Department or his designate (the "General Manager") may make corrective, incidental or operational revisions to the lease amendment as are or may be necessary to permit the intent of the City and the RGC to be fulfilled to the General Manager's satisfaction.

All other terms and conditions of the original Lease will remain in full force and effect and are expressly incorporated into the Lease Amendment.