



Staff Report to Council

DATE: Tuesday, February 20, 2024

DEPARTMENT: Administration

SUBJECT: Lease Agreement with Accent Refrigeration Systems Ltd.

EXECUTIVE SUMMARY:

Since 2010, Accent Refrigeration Systems Ltd. (“Accent”) has leased office and shop space within Westhills Arena at City Centre Park, contributing ongoing maintenance to the mechanical systems and refrigeration equipment within the facility as consideration. Accent has recently downsized their shop space and wish to operate out of 640 square feet of office space on the upper floor of Westhills Arena. Staff are seeking Council approval to enter into a lease for the office space with Accent for a three-year term. Public notices have been published in accordance with the *Community Charter*.

BACKGROUND:

Accent, a Vancouver Island based company that specializes in the design, manufacture, and installation of refrigeration systems for the ice-skating industry, located their manufacturing facility within Westhills Arena in 2010, following Council approval. In return, Accent contributed to the design of Westhills Arena’s refrigeration and heat reclamation systems and took responsibility for ongoing maintenance to the mechanical systems and refrigeration equipment.

In August 2023, Accent downsized from 4,740 square feet of shop space to 640 square feet of office space within the facility. During ongoing negotiations regarding future maintenance services to the facility, Accent has maintained a month-to-month tenancy status. Staff recommend leasing the office space to Accent in exchange for their continued provision of maintenance services to Westhills Arena, as detailed below.

COMMENTARY:

City staff recommend entering into a lease with Accent in accordance with the terms of the agreement as attached. Key terms of the agreement include:

- The term of the lease shall be for three years, commencing retroactively from January 1st, 2024, and ending on December 31st, 2026;
- As consideration, the City will receive the following maintenance services at Westhills

Arena:

- Monday to Friday computer control operation overview of mechanical systems;
 - start-up and shutdown management of the indoor and outdoor ice rinks;
 - seasonal startup and shutdown management of the air conditioning and heating systems;
 - carry out the seasonal control changeover settings between Sustainable Services Ltd; and
 - on-call assistance to the mechanical contractor for troubleshooting problems/issues that may arise.
- Accent is responsible for covering all rates and charges for cable, internet, and telephone costs related to the unit;
 - Accent will indemnify the City and maintain property insurance with the City named as an additional insured party.

FINANCIAL IMPLICATIONS:

Accent's proposal to provide ongoing maintenance services to the facility as consideration presents a cost-saving opportunity for the City. By engaging Accent's services, the City will avoid the need and associated costs for hiring site operators to monitor the Arena's mechanical systems, along with standby staff for nighttime issues.

The ongoing mechanical services provided by Accent contribute to the effective operation of the Arena by streamlining operational costs. Staff believe that the services provided by Accent is equivalent to fair market value rent for the office space.

LEGAL IMPLICATIONS:

Dispositions of land must be approved by the City and proper notice must be given in accordance with the *Community Charter*; this notice has been given. A lease is considered a disposition of an interest in land in accordance with the *Community Charter*.

OPTIONS:

Option 1

THAT Council approve the lease renewal and authorize it to be signed by the Mayor and Chief Administrative Officer or Corporate Officer, on the terms substantially as presented, although minor amendments may be made prior to signing.

OR Option 2

THAT Council direct staff to take no action at this time with respect to renewing the lease.

SUBMITTED BY: Sam Prette, Manager of Contracts and Agreements

Concurrence: Donna Petrie, Senior Manager of Communications & Economic Development

Concurrence: Yari Nielsen, Director of Parks, Recreation and Facilities

Concurrence: Matthew Baldwin, MCIP, RPP, Director of Planning and Subdivision

Concurrence: Katelyn Balzer, P.Eng., Director of Engineering and Public Works

Concurrence: Michael Dillabaugh, CPA, CA, Director of Finance

Concurrence: Marie Watmough, Deputy Director of Corporate Services

Concurrence: Braden Hutchins, Director of Corporate Services

Concurrence: Darren Kiedyk, Chief Administrative Officer

Attachment: CON23-0197 Accent Refrigeration Lease Agreement