



Staff Report to Council

DATE: Tuesday, February 20, 2024

DEPARTMENT: Administration

SUBJECT: Lease Renewal for Payline by ICE Inc. for 315 – 877 Goldstream Avenue

EXECUTIVE SUMMARY:

Payline by ICE Inc. (“Payline”) has leased unit 315 – 877 Goldstream Avenue since 2011. The City purchased Unit 315 in 2021 and assumed Payline’s tenancy, renewing it for two subsequent one-year terms. The most recent renewal term of the lease is set to expire February 28th, 2024. As the City does not currently have plans to utilize this space, staff are seeking Council approval to enter into a lease renewal with Payline for a further one-year term. Public notices have been published in accordance with the *Community Charter*.

BACKGROUND:

On December 16, 2021, the City acquired 315 – 877 Goldstream Avenue from 676955 B.C. Ltd. to allow for potential future expansion of City Hall office space. Unit 315 had an existing tenant, Payline, who had occupied unit 315 since 2011. It was a condition of the acquisition that Payline’s lease be assigned to the City as landlord.

Since assuming Payline’s tenancy, the City has entered into two subsequent renewal agreements, on March 2nd, 2022, and March 6th, 2023, each for one-year terms. The current renewal term of the lease with Payline is set to expire February 28th, 2024, and Payline wishes to continue occupying unit 315. While the City has no immediate plans for this space, staff do not recommend a lease longer than one year, given potential future growth demands.

COMMENTARY:

City staff recommend entering a lease renewal with Payline in substantially the form attached. The terms of the lease renewal are the same as the original lease, those key terms being:

- The term of the lease renewal shall be one year;
- Payline will pay the base rent each month, plus GST;
- Payline will pay all property taxes and strata fees for the unit each year;

- Payline will pay all utilities when due;
- Payline will keep in force insurance for the property in the amount of \$5,000,000.00.

The base rental amount for the term of the lease renewal is \$39,646.04 per year, to be paid in monthly installments of \$3,278.34, plus GST. The rent is based on a price per square foot of \$27.09, which is consistent with fair market rental prices for office space in Langford. The rent has been increased 4.5% from the previous term.

FINANCIAL IMPLICATIONS:

Payline will pay rent to the City in the amount of \$39,646.04 for the term, in equal monthly installments.

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*.

STRATEGIC PLAN INITIATIVES:

- Strategic Priority Three: Economic Development

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: CON24-0002 Payline Lease Amendment